

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-04471



XEROX CORPORATION

(Exact Name of Registrant as specified in its charter)

New York

(State or other jurisdiction of
incorporation or organization)

P.O. Box 4505, 201 Merritt 7
Norwalk, Connecticut

(Address of principal executive offices)

16-0468020

(IRS Employer
Identification No.)

06851-1056

(Zip Code)

(203) 968-3000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company
(Do not check if smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Class

Common Stock, \$1 par value

Outstanding at September 30, 2017

254,586,109 shares

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and any exhibits to 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 and are subject to a number of factors that may cause actual results to differ materially. Such factors include, but are not limited to: our ability to address our business challenges in order to reverse revenue declines, reduce costs and increase productivity so that we can invest in and grow our business; changes in economic conditions, political conditions, trade protection measures, licensing requirements and tax laws 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 partners, subcontractors and software vendors will not perform in a timely, quality manner; actions of competitors and our ability to promptly and effectively react to changing technologies and customer expectations; our ability to obtain adequate pricing for our products and services and to maintain and improve cost efficiency of operations, including savings from restructuring actions; the risk that individually identifiable information of customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security systems; reliance on third parties, including subcontractors, for manufacturing of products and provision of services; our ability to manage changes in the printing environment and markets and expand equipment placements; interest rates, cost of borrowing and access to credit markets; funding requirements associated with our employee pension and retiree health benefit plans; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; the risk that we do not realize all of the expected strategic and financial benefits from the separation and spin-off of our Business Process Outsourcing (BPO) business; 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 this Quarterly Report on Form 10-Q, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017 and our 2016 Annual Report on Form 10-K, as well as our Current Reports on Form 8-K filed with the Securities and Exchange Commission (SEC). 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.

Fuji Xerox Co., Ltd. ("Fuji Xerox") is a joint venture between Xerox Corporation and Fujifilm Holdings Corporation ("Fujifilm") in which Xerox holds a noncontrolling 25% equity interest and Fujifilm holds the remaining equity interest. Given our status as a minority investor, we have limited contractual and other rights to information with respect to Fuji Xerox matters. In April 2017, Fujifilm publicly announced it had formed an independent investigation committee (IIC) to primarily conduct a review of the appropriateness of the accounting practices at Fuji Xerox's New Zealand subsidiary and at other subsidiaries. Fujifilm publicly announced that the IIC completed its review during the second quarter 2017 and identified aggregate adjustments to Fuji Xerox's financial statements of approximately JPY 40 billion (approximately \$360 million based on the Yen/U.S. Dollar spot exchange rate at March 31, 2017 of 111.89). The adjustments primarily related to misstatements at Fuji Xerox's New Zealand and Australian subsidiaries, as well as certain other adjustments. We determined that our cumulative share of the revised amount of total adjustments identified as part of the investigation was approximately \$90 million and impacted our fiscal years 2009 through 2017. Based on our procedures, as well as those performed by Fuji Xerox and Fujifilm, we concluded that the cumulative correction of the misstatements in our historical financial statements would have had a material effect on our current year consolidated financial statements. Accordingly, we concluded that we should revise our previously issued annual and interim consolidated financial statements for 2014, 2015 and 2016 and the first quarter of 2017 the next time they are filed. The Fujifilm audited financial statements were issued in Japan on July 31, 2017, and our review of this matter has been completed. However, Fujifilm and Fuji Xerox continue to review Fujifilm's oversight and governance of Fuji Xerox as well as Fuji Xerox's oversight and governance over its businesses in light of the findings of the IIC. In addition, at this time, we can provide no assurances relative to the outcome of any potential governmental investigations or any consequences thereof that may happen as a result of this matter.

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For additional information about Xerox Corporation and access to our Annual Reports to Shareholders and SEC filings, free of charge, please visit our website at www.xerox.com/investor. Any information on or linked from the website is not incorporated by reference into this Form 10-Q.

PART I — FINANCIAL INFORMATION
ITEM 1 — FINANCIAL STATEMENTS

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in millions, except per-share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues				
Sales	\$ 981	\$ 1,057	\$ 2,927	\$ 3,186
Services, maintenance and rentals	1,443	1,489	4,368	4,603
Financing	73	83	223	248
Total Revenues	2,497	2,629	7,518	8,037
Costs and Expenses				
Cost of sales	594	647	1,780	1,957
Cost of services, maintenance and rentals	882	913	2,666	2,816
Cost of financing	33	32	99	97
Research, development and engineering expenses	108	118	332	363
Selling, administrative and general expenses	648	664	1,955	2,056
Restructuring and related costs	36	25	196	172
Amortization of intangible assets	12	14	41	44
Other expenses, net	17	50	105	143
Total Costs and Expenses	2,330	2,463	7,174	7,648
Income before Income Taxes and Equity Income	167	166	344	389
Income tax expense	18	28	37	44
Equity in net income of unconsolidated affiliates	30	40	90	100
Income from Continuing Operations	179	178	397	445
Income (loss) from discontinued operations, net of tax	3	8	(3)	(65)
Net Income	182	186	394	380
Less: Net income attributable to noncontrolling interests	3	3	9	8
Net Income Attributable to Xerox	\$ 179	\$ 183	\$ 385	\$ 372
Amounts Attributable to Xerox:				
Net income from continuing operations	\$ 176	\$ 175	\$ 388	\$ 437
Net income (loss) from discontinued operations	3	8	(3)	(65)
Net Income Attributable to Xerox	\$ 179	\$ 183	\$ 385	\$ 372
Basic Earnings (Loss) per Share⁽¹⁾:				
Continuing operations	\$ 0.68	\$ 0.66	\$ 1.49	\$ 1.65
Discontinued operations	0.01	0.03	(0.01)	(0.25)
Total Basic Earnings per Share	\$ 0.69	\$ 0.69	\$ 1.48	\$ 1.40
Diluted Earnings (Loss) per Share⁽¹⁾:				
Continuing operations	\$ 0.67	\$ 0.66	\$ 1.47	\$ 1.64
Discontinued operations	0.01	0.03	(0.01)	(0.26)
Total Diluted Earnings per Share	\$ 0.68	\$ 0.69	\$ 1.46	\$ 1.38

(1) Reflects our one-for-four reverse stock split that became effective on June 14, 2017. Refer to Note 1 - Basis of Presentation for further information.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	\$ 182	\$ 186	\$ 394	\$ 380
Less: Net income attributable to noncontrolling interests	3	3	9	8
Net Income Attributable to Xerox	179	183	385	372
Other Comprehensive Income (Loss), Net⁽¹⁾:				
Translation adjustments, net	154	(21)	491	86
Unrealized gains (losses), net	2	(9)	(4)	24
Changes in defined benefit plans, net	(41)	(15)	(44)	(107)
Other Comprehensive Income (Loss), Net	115	(45)	443	3
Less: Other comprehensive income (loss), net attributable to noncontrolling interests	—	—	1	(1)
Other Comprehensive Income (Loss), Net Attributable to Xerox	115	(45)	442	4
Comprehensive Income, Net	297	141	837	383
Less: Comprehensive income, net attributable to noncontrolling interests	3	3	10	7
Comprehensive Income, Net Attributable to Xerox	\$ 294	\$ 138	\$ 827	\$ 376

(1) Refer to Note 16 - Other Comprehensive Income (Loss) for gross components of Other Comprehensive Income (Loss), reclassification adjustments out of Accumulated Other Comprehensive Loss and related tax effects.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)	September 30, 2017	December 31, 2016
Assets		
Cash and cash equivalents	\$ 1,781	\$ 2,223
Accounts receivable, net	1,031	961
Billed portion of finance receivables, net	86	90
Finance receivables, net	1,290	1,256
Inventories	1,039	841
Assets of discontinued operations	—	1,002
Other current assets	402	619
Total current assets	5,629	6,992
Finance receivables due after one year, net	2,296	2,398
Equipment on operating leases, net	456	475
Land, buildings and equipment, net	636	660
Investments in affiliates, at equity	1,441	1,294
Intangible assets, net	276	290
Goodwill	3,922	3,787
Deferred tax assets, long-term	1,477	1,472
Other long-term assets	684	683
Total Assets	\$ 16,817	\$ 18,051
Liabilities and Equity		
Short-term debt and current portion of long-term debt	\$ 763	\$ 1,011
Accounts payable	1,183	1,126
Accrued compensation and benefits costs	405	420
Unearned income	191	187
Liabilities of discontinued operations	—	1,002
Other current liabilities	910	908
Total current liabilities	3,452	4,654
Long-term debt	5,235	5,305
Pension and other benefit liabilities	1,674	2,240
Post-retirement medical benefits	674	698
Other long-term liabilities	178	193
Total Liabilities	11,213	13,090
Commitments and Contingencies (See Note 18)		
Convertible Preferred Stock	214	214
Common stock	255	254
Additional paid-in capital	3,880	3,858
Retained earnings	5,116	4,934
Accumulated other comprehensive loss	(3,895)	(4,337)
Xerox shareholders' equity	5,356	4,709
Noncontrolling interests	34	38
Total Equity	5,390	4,747
Total Liabilities and Equity	\$ 16,817	\$ 18,051
Shares of common stock issued and outstanding	254,586	253,594

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Cash Flows from Operating Activities:				
Net income	\$ 182	\$ 186	\$ 394	\$ 380
(Income) loss from discontinued operations, net of tax	(3)	(8)	3	65
Income from continuing operations	179	178	397	445
Adjustments required to reconcile net income to cash flows from operating activities:				
Depreciation and amortization	131	140	399	426
Provision for receivables	15	15	38	39
Provision for inventory	9	6	21	21
Net gain on sales of businesses and assets	(13)	(3)	(14)	(20)
Undistributed equity in net income of unconsolidated affiliates	(26)	(37)	(56)	(66)
Stock-based compensation	14	14	39	31
Restructuring and asset impairment charges	35	13	178	154
Payments for restructurings	(42)	(38)	(169)	(83)
Defined benefit pension cost	34	32	133	108
Contributions to defined benefit pension plans	(671)	(34)	(717)	(102)
Increase in accounts receivable and billed portion of finance receivables	(34)	(13)	(174)	(173)
Collections of deferred proceeds from sales of receivables	58	58	157	191
Increase in inventories	(99)	(12)	(187)	(104)
Increase in equipment on operating leases	(53)	(74)	(155)	(204)
Decrease in finance receivables	75	53	209	138
Collections on beneficial interest from sales of finance receivables	2	5	13	20
(Increase) decrease in other current and long-term assets	(3)	20	(46)	29
Decrease in accounts payable and accrued compensation	(4)	(84)	(4)	(250)
Increase (decrease) in other current and long-term liabilities	44	32	47	(82)
Net change in income tax assets and liabilities	—	(151)	(36)	(173)
Net change in derivative assets and liabilities	(9)	49	90	—
Other operating, net	(25)	41	(13)	211
Net cash (used in) provided by operating activities of continuing operations	(383)	210	150	556
Net cash (used in) provided by operating activities of discontinued operations	(2)	160	(97)	(34)
Net cash (used in) provided by operating activities	(385)	370	53	522
Cash Flows from Investing Activities:				
Cost of additions to land, buildings and equipment	(15)	(19)	(45)	(65)
Proceeds from sales of land, buildings and equipment	1	3	2	23
Cost of additions to internal use software	(8)	(10)	(25)	(34)
Proceeds from sale of businesses	20	—	20	—
Acquisitions, net of cash acquired	—	1	(76)	(17)
Other investing, net	(2)	2	8	6
Net cash used in investing activities of continuing operations	(4)	(23)	(116)	(87)
Net cash used in investing activities of discontinued operations	—	(46)	—	(174)
Net cash used in investing activities	(4)	(69)	(116)	(261)
Cash Flows from Financing Activities:				
Net proceeds on short-term debt	—	2	1	1,000
Proceeds from issuance of long-term debt	1,001	5	1,006	14
Payments on long-term debt	(13)	(8)	(1,343)	(973)
Common stock dividends	(65)	(79)	(210)	(228)
Preferred stock dividends	(3)	(6)	(13)	(18)
Proceeds from issuances of common stock	—	3	—	6
Repurchases related to stock-based compensation	(7)	—	(15)	—
Payments to noncontrolling interests	(5)	(1)	(17)	(13)
Proceeds from Conduent	—	—	161	—
Other financing	—	—	—	(1)
Net cash provided by (used in) financing activities	908	(84)	(430)	(213)

Effect of exchange rate changes on cash and cash equivalents	16	5	51	9
Decrease (increase) in cash of discontinued operations	—	10	—	(10)
Increase (decrease) in cash and cash equivalents	535	232	(442)	47
Cash and cash equivalents at beginning of period	1,246	1,043	2,223	1,228
Cash and Cash Equivalents at End of Period	\$ 1,781	\$ 1,275	\$ 1,781	\$ 1,275

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(in millions, except per-share data and where otherwise noted)

Note 1 – Basis of Presentation

References herein to “we,” “us,” “our,” the “company” and “Xerox” refer to Xerox Corporation and its consolidated subsidiaries unless the context suggests otherwise.

We have prepared the accompanying unaudited Condensed Consolidated Financial Statements in accordance with the accounting policies described in our 2016 Annual Report on Form 10-K (2016 Annual Report), and the interim reporting requirements of Form 10-Q. Accordingly, certain information and note disclosures normally included in our annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. You should read these Condensed Consolidated Financial Statements in conjunction with the Consolidated Financial Statements included in our 2016 Annual Report.

In our opinion, all adjustments which are necessary for a fair statement of financial position, operating results and cash flows for the interim periods presented have been made. These adjustments consist of normal recurring items. Interim results of operations are not necessarily indicative of the results of the full year.

For convenience and ease of reference, we refer to the financial statement caption “Income before Income Taxes and Equity Income” as “pre-tax income.”

Overview

On December 31, 2016, Xerox Corporation completed the Separation of its Business Process Outsourcing (BPO) business from its Document Technology and Document Outsourcing (DT/DO) business (the “Separation”). The Separation was accomplished through the transfer of the BPO business into a new legal entity, Conduent Incorporated (“Conduent”), and then distributing one hundred percent (100%) of the outstanding common stock of Conduent to Xerox Corporation stockholders (the “Distribution”). The Separation and Distribution were structured to be tax-free for Xerox Corporation stockholders for federal income tax purposes. Conduent is now an independent public company trading on the New York Stock Exchange (“NYSE”) under the symbol “CNDT”. After the Separation, Xerox retained the DT/DO businesses and Xerox does not beneficially own any shares of Conduent common stock.

As a result of the Separation and Distribution, the financial position and results of operations of the BPO business are presented as discontinued operations and, as such, have been excluded from continuing operations for all periods presented. The accompanying Notes to the Condensed Consolidated Financial Statements have all been revised to reflect the effect of the Separation and Distribution and all prior year balances have been revised accordingly to reflect continuing operations only. The historical statements of Comprehensive Income (Loss) and Shareholders’ Equity have not been revised to reflect the Separation and instead reflect the Separation and Distribution as a final adjustment to the balances at December 31, 2016. Refer to Note 5 - Divestitures for additional information regarding discontinued operations.

In connection with the Separation, Xerox entered into several agreements with Conduent to (1) effect the legal and structural separation of Xerox and Conduent, (2) govern the relationship between Xerox and Conduent up to and after the completion of the Separation and (3) allocate between Xerox and Conduent various assets, liabilities and obligations, including, among other things, employee benefits and tax-related assets and liabilities. The agreements entered into included a separation and distribution agreement, a transition service agreement, a tax matters agreement, an employee matters agreement, an intellectual property agreement and a trademark license agreement.

Segment Discussion

Following the separation of the BPO business, we realigned our operations to better manage the business and serve our customers and the markets in which we operate. In 2017 we transitioned to a geographic focus and are primarily organized from a sales perspective on the basis of “go-to-market” sales channels. These sales channels are structured to serve a range of customers for our products and services. As a result of this transition and change in structure, we concluded that we have one operating and reportable segment - the design, development and sale of document management systems and solutions. Our chief executive officer was identified as the chief operating decision maker (“CODM”). All of the company’s activities are interrelated, and each activity is dependent upon and supportive of the other, including product development, supply chain and back-office support services. In addition,

all significant operating decisions are largely based upon an analysis of Xerox at the consolidated level, including assessments related to the company's incentive compensation plan, as well as operating decisions at the Board level.

Reverse Stock Split

On May 23, 2017, the Board of Directors authorized a reverse stock split of the issued and outstanding Xerox common stock at a ratio of one-for-four shares, together with the proportionate reduction in the authorized shares of its common stock from 1,750,000,000 shares to 437,500,000 shares. Shareholder approval for the reverse stock split was obtained at the company's Annual Shareholder Meeting on May 23, 2017 and the reverse stock split became effective on June 14, 2017. At the effective time, every four shares of the company's common stock that were issued and outstanding were automatically combined into one issued and outstanding share, without any change in par value of such shares. Accordingly, we reclassified \$760 from Common stock to Additional paid-in capital. The reverse stock split also correspondingly affected all outstanding Xerox equity awards and outstanding convertible securities.

All authorized, issued and outstanding stock and per share amounts contained in the accompanying Condensed Consolidated Financial Statements have been adjusted to reflect this reverse stock split for all prior periods presented.

Note 2 – Correction of Fuji Xerox Misstatement in Prior Period Financial Statements

Fuji Xerox is a joint venture between Xerox Corporation and Fujifilm Holdings Corporation ("Fujifilm") in which Xerox holds a noncontrolling 25% equity interest and Fujifilm holds the remaining equity interest. On April 20, 2017, Fujifilm publicly announced it had formed an independent investigation committee (IIC) to conduct a review of the appropriateness of the accounting practices at Fuji Xerox's New Zealand subsidiary related to the recovery of receivables associated with certain bundled leasing transactions that occurred in, or prior to, Fuji Xerox's fiscal year ending March 31, 2016.

The IIC's review, completed during the second quarter 2017, subsequently identified total aggregate adjustments to Fuji Xerox's financial statements of approximately JPY 40 billion (approximately \$360 based on the Yen/U.S. Dollar spot exchange rate at March 31, 2017 of 111.89). The adjustments identified by the IIC primarily related to misstatements at Fuji Xerox's New Zealand subsidiary as well as their Australian subsidiary and certain other adjustments. We determined that our cumulative share of the revised amount of total adjustments identified as part of the investigation was approximately \$90¹ and impacted our fiscal years 2009 through 2017.

In the second quarter 2017, we determined that the misstatements to our Equity in net income of unconsolidated affiliates in prior years and the first quarter of 2017 identified through the IIC's review were immaterial to our previously issued financial statements. However, we concluded that the cumulative correction of these misstatements would have had a material effect on our current year consolidated financial statements. Accordingly, we will revise our previously issued annual and interim consolidated financial statements for 2014, 2015 and 2016 and the first quarter of 2017 the next time they are filed. Certain of the corrections discussed above affected periods prior to fiscal year 2014, and this effect was reflected as a cumulative, net of tax adjustment to reduce retained earnings as of January 1, 2014 by \$69. The effect of the revision on our previously issued financial statements is provided in the tables below. Amounts throughout the consolidated financial statements and notes thereto have been adjusted to incorporate the revised amounts, where applicable.

(1) The difference between the aggregate revision to retained earnings and the \$90 impact at March 31, 2017 is primarily due to currency and the impact of adjustments recorded directly by Xerox in the first quarter 2017.

Revised Annual Consolidated Statements of Income

The following tables reconcile selected lines from the company's first quarter of 2017 and fiscal years of 2016, 2015 and 2014 Consolidated Statements of Income (Loss) from the previously reported amounts to the revised amounts:

	Three Months Ended March 31, 2017			Year Ended December 31, 2016		
	As Reported	Adjustment ⁽¹⁾	As Revised	As Reported	Adjustment	As Revised
Equity in net income of unconsolidated affiliates	\$ 16	\$ 24	\$ 40	\$ 121	\$ 6	\$ 127
Income from Continuing Operations	24	24	48	627	6	633
Net Income (Loss)	18	24	42	(466)	6	(460)
Net Income (Loss) Attributable to Xerox	16	24	40	(477)	6	(471)
Net income from continuing operations attributable to Xerox	\$ 22	\$ 24	\$ 46	\$ 616	\$ 6	\$ 622
Basic Earnings (Loss) per Share:						
Continuing operations	\$ 0.07	\$ 0.10	\$ 0.17	\$ 2.33	\$ 0.03	\$ 2.36
Total	\$ 0.05	\$ 0.09	\$ 0.14	\$ (1.98)	\$ 0.03	\$ (1.95)
Diluted Earnings (Loss) per Share:						
Continuing operations	\$ 0.07	\$ 0.09	\$ 0.16	\$ 2.31	\$ 0.02	\$ 2.33
Total	\$ 0.05	\$ 0.09	\$ 0.14	\$ (1.96)	\$ 0.03	\$ (1.93)
	Year Ended December 31, 2015			Year Ended December 31, 2014		
	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Equity in net income of unconsolidated affiliates	\$ 135	\$ (26)	\$ 109	\$ 160	\$ (18)	\$ 142
Income from Continuing Operations	866	(26)	840	1,052	(18)	1,034
Net Income	492	(26)	466	1,036	(18)	1,018
Net Income Attributable to Xerox	474	(26)	448	1,013	(18)	995
Net income from continuing operations attributable to Xerox	\$ 848	\$ (26)	\$ 822	\$ 1,029	\$ (18)	\$ 1,011
Basic Earnings per Share:						
Continuing operations	\$ 3.10	\$ (0.10)	\$ 3.00	\$ 3.48	\$ (0.06)	\$ 3.42
Total	\$ 1.69	\$ (0.10)	\$ 1.59	\$ 3.43	\$ (0.06)	\$ 3.37
Diluted Earnings per Share:						
Continuing operations	\$ 3.06	\$ (0.09)	\$ 2.97	\$ 3.43	\$ (0.06)	\$ 3.37
Total	\$ 1.67	\$ (0.09)	\$ 1.58	\$ 3.38	\$ (0.06)	\$ 3.32

Note: The sum of quarterly earnings per share may differ from the full-year amounts due to rounding, or in the case of diluted earnings per share, because securities that are anti-dilutive in certain quarters may not be anti-dilutive on a full-year basis.

Revised Consolidated Statements of Comprehensive Income (Loss)

The following tables reconcile selected lines from the company's first quarter of 2017 and fiscal years of 2016, 2015 and 2014 Consolidated Statements of Comprehensive Income (Loss) from the previously reported amounts to the revised amounts:

	Three Months Ended March 31, 2017			Year Ended December 31, 2016		
	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Net Income (Loss)	\$ 18	\$ 24	\$ 42	\$ (466)	\$ 6	\$ (460)
Net Income (Loss) Attributable to Xerox	16	24	40	(477)	6	(471)
Translation adjustments, net	\$ 136	\$ (3)	\$ 133	\$ (346)	\$ (1)	\$ (347)
Other Comprehensive Income (Loss), Net	170	(3)	167	(235)	(1)	(236)
Other Comprehensive Income (Loss), Net Attributable to Xerox	169	(3)	166	(232)	(1)	(233)
Comprehensive Income (Loss), Net	\$ 188	\$ 21	\$ 209	\$ (701)	\$ 5	\$ (696)
Comprehensive Income (Loss), Net Attributable to Xerox	185	21	206	(709)	5	(704)

	Year Ended December 31, 2015			Year Ended December 31, 2014		
	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Net Income	\$ 492	\$ (26)	\$ 466	\$ 1,036	\$ (18)	\$ 1,018
Net Income Attributable to Xerox	474	(26)	448	1,013	(18)	995
Translation adjustments, net	\$ (660)	\$ 9	\$ (651)	\$ (734)	\$ 6	\$ (728)
Other Comprehensive Loss, Net	(484)	9	(475)	(1,381)	6	(1,375)
Other Comprehensive Loss, Net Attributable to Xerox	(483)	9	(474)	(1,380)	6	(1,374)
Comprehensive Income (Loss), Net	\$ 8	\$ (17)	\$ (9)	\$ (345)	\$ (12)	\$ (357)
Comprehensive Loss, Net Attributable to Xerox	(9)	(17)	(26)	(367)	(12)	(379)

Revised Consolidated Balance Sheets

The following table reconciles selected lines from the company's Consolidated Balance Sheet at March 31, 2017 and December 31, 2016 and 2015 from the previously reported amounts to the revised amounts:

	As of March 31, 2017			As of December 31, 2016			As of December 31, 2015		
	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Investments in affiliates, at equity	\$ 1,477	\$ (73)	\$ 1,404	\$ 1,388	\$ (94)	\$ 1,294	\$ 1,382	\$ (99)	\$ 1,283
Total Assets	15,916	(73)	15,843	18,145	(94)	18,051	25,541	(99)	25,442
Retained earnings	\$ 4,987	\$ (81)	\$ 4,906	\$ 5,039	\$ (105)	\$ 4,934	\$ 9,686	\$ (111)	\$ 9,575
Accumulated other comprehensive loss	(4,179)	8	(4,171)	(4,348)	11	(4,337)	(4,642)	12	(4,630)
Xerox shareholders' equity	4,926	(73)	4,853	4,803	(94)	4,709	9,074	(99)	8,975
Total Equity	4,966	(73)	4,893	4,841	(94)	4,747	9,117	(99)	9,018
Total Liabilities and Equity	15,916	(73)	15,843	18,145	(94)	18,051	25,541	(99)	25,442

Revised Consolidated Statements of Cash Flows from Operations

The revision did not have an impact on the company's operating cash flows. The following table reconciles selected lines from the company's first quarter of 2017 and fiscal years of 2016, 2015 and 2014 Consolidated Statements of Cash Flows from the previously reported amounts to the revised amounts:

	Three Months Ended March 31, 2017			Year Ended December 31, 2016		
	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Cash Flows from Operating Activities:						
Net Income (Loss)	\$ 18	\$ 24	\$ 42	\$ (466)	\$ 6	\$ (460)
Income from Continuing Operations	24	24	48	627	6	633
Undistributed equity in net income of unconsolidated affiliates	\$ (16)	\$ (24)	\$ (40)	\$ (69)	\$ (6)	\$ (75)

	Year Ended December 31, 2015			Year Ended December 31, 2014		
	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Cash Flows from Operating Activities:						
Net Income	\$ 492	\$ (26)	\$ 466	\$ 1,036	\$ (18)	\$ 1,018
Income from Continuing Operations	866	(26)	840	1,052	(18)	1,034
Undistributed equity in net income of unconsolidated affiliates	\$ (79)	\$ 26	\$ (53)	\$ (91)	\$ 18	\$ (73)

Revised Quarterly Results of Operations

The following tables reconcile selected lines from the company's 2016 and 2015 quarterly Consolidated Statements of Income (Loss) from the previously reported amounts to the revised amounts:

	Three Months Ended March 31, 2016			Three Months Ended June 30, 2016		
	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Equity in net income of unconsolidated affiliates	\$ 37	\$ (3)	\$ 34	\$ 22	\$ 4	\$ 26
Income from Continuing Operations	71	(3)	68	195	4	199
Net Income	36	(3)	33	157	4	161
Net Income Attributable to Xerox	34	(3)	31	154	4	158
Basic Earnings per Share:						
Continuing operations	\$ 0.25	\$ (0.01)	\$ 0.24	\$ 0.74	\$ 0.01	\$ 0.75
Total	\$ 0.11	\$ (0.01)	\$ 0.10	\$ 0.59	\$ 0.01	\$ 0.60
Diluted Earnings per Share:						
Continuing operations	\$ 0.24	\$ (0.01)	\$ 0.23	\$ 0.73	\$ 0.02	\$ 0.75
Total	\$ 0.11	\$ (0.01)	\$ 0.10	\$ 0.58	\$ 0.02	\$ 0.60

	Three Months Ended September 30, 2016			Three Months Ended December 31, 2016		
	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Equity in net income of unconsolidated affiliates	\$ 39	\$ 1	\$ 40	\$ 23	\$ 4	\$ 27
Income from Continuing Operations	177	1	178	184	4	188
Net Income (Loss)	185	1	186	(844)	4	(840)
Net Income (Loss) Attributable to Xerox	182	1	183	(847)	4	(843)

Basic Earnings (Loss) per Share:

Continuing operations	\$ 0.66	\$ —	\$ 0.66	\$ 0.69	\$ 0.02	\$ 0.71
Total	\$ 0.69	\$ —	\$ 0.69	\$ (3.37)	\$ 0.02	\$ (3.35)

Diluted Earnings (Loss) per Share:

Continuing operations	\$ 0.65	\$ 0.01	\$ 0.66	\$ 0.68	\$ 0.02	\$ 0.70
Total	\$ 0.68	\$ 0.01	\$ 0.69	\$ (3.32)	\$ 0.02	\$ (3.30)

	Three Months Ended March 31, 2015			Three Months Ended June 30, 2015		
	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Equity in net income of unconsolidated affiliates	\$ 34	\$ (18)	\$ 16	\$ 29	\$ (4)	\$ 25
Income from Continuing Operations	189	(18)	171	210	(4)	206
Net Income	230	(18)	212	17	(4)	13
Net Income Attributable to Xerox	225	(18)	207	12	(4)	8

Basic Earnings per Share:

Continuing operations	\$ 0.64	\$ (0.06)	\$ 0.58	\$ 0.73	\$ (0.01)	\$ 0.72
Total	\$ 0.79	\$ (0.07)	\$ 0.72	\$ 0.02	\$ (0.01)	\$ 0.01

Diluted Earnings per Share:

Continuing operations	\$ 0.63	\$ (0.06)	\$ 0.57	\$ 0.72	\$ (0.01)	\$ 0.71
Total	\$ 0.78	\$ (0.07)	\$ 0.71	\$ 0.02	\$ (0.01)	\$ 0.01

	Three Months Ended September 30, 2015			Three Months Ended December 31, 2015		
	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Equity in net income of unconsolidated affiliates	\$ 40	\$ —	\$ 40	\$ 32	\$ (4)	\$ 28
Income from Continuing Operations	206	—	206	261	(4)	257
Net (Loss) Income	(31)	—	(31)	276	(4)	272
Net (Loss) Income Attributable to Xerox	(34)	—	(34)	271	(4)	267

Basic (Loss) Earnings per Share:

Continuing operations	\$ 0.75	\$ —	\$ 0.75	\$ 0.99	\$ (0.02)	\$ 0.97
Total	\$ (0.16)	\$ —	\$ (0.16)	\$ 1.05	\$ (0.02)	\$ 1.03

Diluted (Loss) Earnings per Share:

Continuing operations	\$ 0.75	\$ —	\$ 0.75	\$ 0.98	\$ (0.02)	\$ 0.96
Total	\$ (0.16)	\$ —	\$ (0.16)	\$ 1.04	\$ (0.02)	\$ 1.02

Note: The sum of quarterly earnings per share may differ from the full-year amounts due to rounding, or in the case of diluted earnings per share, because securities that are anti-dilutive in certain quarters may not be anti-dilutive on a full-year basis.

Note 3 – Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued **ASU 2014-09**, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 is effective for our fiscal year beginning January 1, 2018. Subsequent to the issuance of ASU 2014-09, the FASB issued the following ASU's which amend or provide additional guidance on topics addressed in ASU 2014-09. In March 2016, the FASB issued ASU 2016-08, Revenue Recognition - Principal versus Agent (reporting revenue gross versus net). In April 2016, the FASB issued ASU 2016-10, Revenue Recognition - Identifying Performance Obligations and Licenses. In May 2016, the FASB issued ASU 2016-12, Revenue Recognition - Narrow Scope Improvements and Practical Expedients.

We will adopt this standard beginning January 1, 2018 and expect to use the modified retrospective method of adoption. Under current revenue recognition guidance, a significant majority of our revenue is recorded when we invoice customers, as that is normally the point at which all the revenue recognition criteria are met. Under ASU 2014-09, based on the nature of our contracts, we expect to continue to recognize revenue upon invoicing the customer for the large majority of our revenue. Additionally, we expect the unit of accounting, that is, the identification of performance obligations, will be consistent with current revenue guidance. Accordingly, the adoption of this standard is not expected to have a material impact for the large majority of our revenues. Lastly, a significant portion of our equipment sales are either recorded as sales-type leases or through direct sales to distributors and resellers and these revenue streams are not expected to be impacted by the adoption of ASU 2014-09. We have substantially completed the review of certain contracts that are either more complex or where the revenue recognition criteria are not directly aligned with invoicing to the customer, to determine their treatment under ASU 2014-09. Based on this review we do not expect a material change in our pattern of revenue recognition. We expect to continue to evaluate the impact of our pending adoption of ASU 2014-09 on our consolidated financial statements throughout the remainder of 2017. Additionally, we are continuing to assess the impacts of the additional disclosures and the cost deferral guidance required by ASU 2014-09 as the new standard requires an increased level of disclosures as well as cost deferrals. Deferred costs are minimal under our current practices as most costs to obtain a contract and fulfill a contract are expensed as incurred. However, based on an initial assessment of the contract cost guidance included in the new standard, we expect to record a transition asset upon adoption of \$150 to \$200 related to the incremental cost to obtain contracts. Substantially all of this adjustment is related to the deferral of sales commissions paid to sales people and agents in connection with the placement of equipment with post sale service arrangements. This amount is expected to be amortized over its estimated period of benefit, which we currently estimate to be approximately four years. The amount of the adjustment is subject to change based on activity for the remainder of 2017. We do not expect the post-adoption deferral and amortization of these costs to have a material impact on the Consolidated Statements of Income.

Leases

In February 2016, the FASB issued **ASU 2016-02**, *Leases*. This update requires the recognition of leased assets and lease obligations by lessees for those leases currently classified as operating leases under existing lease guidance. Short term leases with a term of 12 months or less are not required to be recognized. The update also requires disclosure of key information about leasing arrangements to increase transparency and comparability among organizations. The accounting for lessors does not fundamentally change except for changes to conform and align guidance to the lessee guidance as well as to the new revenue recognition guidance in ASU 2014-09. This update is effective for our fiscal year beginning January 1, 2019. We are currently evaluating the impact of the adoption of ASU 2016-02 on our consolidated financial statements. The aggregate undiscounted value of our operating lease commitments at December 31, 2016 was approximately \$450.

Cash Flows

In August 2016, the FASB issued **ASU 2016-15**, *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments*. This update provides specific guidance on eight cash flow classification issues where current GAAP is either unclear or does not include specific guidance. This update is effective for our fiscal year beginning January 1, 2018. This update includes specific guidance which requires cash collected on beneficial interests received in a sale of receivables be classified as inflows from investing activities. Currently, those collections are

reported in operating cash flows. We reported \$270 and \$305 of collections on beneficial interests as operating cash inflows on the Statement of Cash Flows for the years ended December 31, 2016 and 2015, respectively. The other seven issues noted in this update are not expected to have a material impact on our financial condition, results of operations or cash flows.

Additionally, in November 2016 the FASB issued **ASU 2016-18**, *Statement of Cash Flows - Restricted Cash*. The update requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. We held \$138 and \$179 of restricted cash, currently reported in other current or long-term assets at September 30, 2017 and December 31, 2016, respectively. This update is effective for our fiscal year beginning January 1, 2018. We are currently evaluating the impact, if any, that the adoption of ASU 2016-18 may have on our statements of cash flows in future reporting periods.

Stock Compensation

In March 2016, the FASB issued **ASU 2016-09**, *Compensation - Stock Compensation, Improvements to Employee Share-Based Payment Accounting (Topic 718)*. This update includes provisions to simplify certain aspects related to the accounting for share-based awards and the related financial statement presentation. The update also requires that excess tax benefits and deficiencies be recorded in the income statement when the awards vest or are settled as compared to equity as allowed under certain conditions by current US GAAP. This change is required to be adopted prospectively in the period of adoption. In addition, the ASU modifies the classification of certain share-based payment activities within the statements of cash flows and these changes are required to be applied retrospectively to all periods presented. We adopted ASU 2016-09 effective for our fiscal year beginning January 1, 2017. The adoption of ASU No. 2016-09 did not have a material impact on our financial condition, results of operations or cash flows. However, the impacts may vary and may add volatility to our income tax expense in future periods depending upon, among other things, the level of tax expense and the price of the company's common stock at the date of vesting for share-based awards. For the three and nine months ended September 30, 2017, we recognized \$1 and \$3, respectively, of additional tax expense related to the application of this update.

Income Taxes

In October 2016, the FASB issued **ASU 2016-16**, *Income Taxes - Intra-Entity Transfers of Assets Other than Inventory*. This update requires recognition of the income-tax consequences of an intra-entity transfer of assets other than inventory when the transfer occurs. Under current GAAP, recognition of the income tax consequences for asset transfers other than inventory could not be recognized until the asset was sold to a third party. This update is effective for our fiscal year beginning January 1, 2018 and should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. We are currently evaluating the impact of the adoption of ASU 2016-16 on our consolidated financial statements.

Financial Instruments - Credit Losses

In June 2016, the FASB issued **ASU 2016-13**, *Financial Instruments Credit Losses - Measurement of Credit Losses on Financial Instruments*, which requires measurement and recognition of expected credit losses for financial assets. The update impacts financial assets and net investment in leases that are not accounted for at fair value through net income. This update is effective for our fiscal year beginning January 1, 2020, with early adoption permitted as of January 1, 2019. We are currently evaluating the impact of the adoption of ASU 2016-13 on our consolidated financial statements.

Retirement Benefits

In March 2017, the FASB issued **ASU 2017-07**, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This update changes how employers that sponsor defined benefit pension plans and other postretirement plans present the net periodic benefit cost in the income statement. An employer is required to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. Other components of net retirement benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. The amendment also allows only the service cost component to be eligible for capitalization, when applicable. This update is effective for us beginning January 1, 2018. The amendment will be applied retrospectively for the presentation requirements and prospectively for the capitalization of the service cost component requirements. The adoption of this update is not expected to have a material impact on our financial condition, results of operations or cash flows. Refer to Note 14 - Employee Benefit Plans for the service cost component and other components of net retirement benefit cost.

Derivatives

In August 2017, the FASB issued **ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities**. The amendments in this update expand and refine hedge accounting for both financial and non-financial risk components, aligns the recognition and presentation of the effects of hedging instruments with the same income statement line item that the hedged item is reported and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. This update is effective for our fiscal year beginning January 1, 2019, with early adoption permitted at any interim period. We are currently evaluating the impact of the adoption of ASU 2017-12 on our consolidated financial statements.

Other Updates

In 2017, 2016 and 2015, the FASB also issued the following Accounting Standards Updates which did not have or are not expected to have a material impact on our financial condition, results of operations or cash flows upon adoption. Those updates are as follows:

- **Service Concession Arrangements: ASU 2017-10**, (Topic 853) *Determining the Customer of the Operation Services (a consensus of the FASB Emerging Issues Task Force)*. This update is effective for our fiscal year beginning January 1, 2018.
- **Compensation - Stock Compensation: ASU 2017-09**, (Topic 718) *Scope of Modification Accounting*. This update is effective for our fiscal year beginning January 1, 2018.
- **Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets: ASU 2017-05**, (Subtopic 610-20) *Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*. This update is effective for our fiscal year beginning January 1, 2018.
- **Intangibles - Goodwill and Other: ASU 2017-04**, *Simplifying the Goodwill Impairment Test*. This update is effective for our fiscal year beginning January 1, 2020, with early adoption permitted.
- **Business Combinations: ASU 2017-01**, *Business Combinations (Topic 805) Clarifying the Definition of a Business*. This update is effective for our fiscal year beginning January 1, 2018.
- **Equity Method Accounting: ASU 2016-07**, *Equity Method and Joint Venture Accounting (Topic 353), Simplifying the Transition to the Equity Method of Accounting*. This update was effective for our fiscal year beginning January 1, 2017.
- **Financial Instruments - Classification and Measurement: ASU 2016-01**, *Financial Instruments - Recognition and Measurement of Financial Instruments and Financial Liabilities*. This update is effective for our fiscal year beginning January 1, 2018.
- **Inventory: ASU 2015-11**, *Simplifying the Subsequent Measurement of Inventory*, which was effective for our fiscal year beginning January 1, 2017.

Note 4 – Acquisitions

Xerox is focused on increasing its Small and Mid-sized (SMB) coverage through resellers and partners (including multi-brand dealers) and continued distribution acquisitions. During 2017, distribution acquisitions totaled \$76 and included the acquisition of **MT Business Technologies, Inc. (MT Business)**, an Ohio-based multi-brand dealer, and one smaller multi-brand dealer in Iowa. MT Business provides office equipment, productivity solutions and managed print services to organizations throughout Ohio and south eastern Michigan. The acquisition of MT Business opens new market opportunities in Ohio, including large metropolitan areas such as Cleveland and Columbus.

The operating results of these acquisitions are not material to our financial statements and are included within our results from the acquisition dates. The purchase prices were all cash and were primarily allocated to intangible assets and goodwill based on management's estimates which included, in certain situations, third-party valuations.

Note 5 – Divestitures

Business Process Outsourcing (BPO)

As previously disclosed, on December 31, 2016, Xerox completed the Separation of its BPO business through the Distribution of all of the issued and outstanding stock of Conduent to Xerox Corporation stockholders. As a result of the Separation and Distribution, the financial position and results of operations of the BPO Business are presented as discontinued operations and, as such, have been excluded from continuing operations for all periods presented.

Separation costs are included in Income (Loss) from discontinued operations, net of tax, in the accompanying Condensed Consolidated Statements of Income.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Separation costs	\$ 1	\$ 39	\$ 9	\$ 75

Separation costs are primarily for third-party investment banking, accounting, legal, consulting and other similar types of services related to the Separation transaction as well as costs associated with the operational separation of the two companies, such as those related to human resources, brand management, real estate and information management to the extent they were not capitalized. Separation costs also include the costs associated with bonuses and restricted stock grants awarded to employees for retention through the Separation.

Income from discontinued operations, net of tax, for the three months ended September 30, 2017 of \$3 was primarily related to changes in estimates. Summarized financial information for our Discontinued Operations is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	\$ —	\$ 1,587	\$ —	\$ 4,855
Cost of services	—	1,317	—	4,069
Other expenses ⁽¹⁾	1	286	9	897
Total costs and expenses	1	1,603	9	4,966
Net loss before income taxes	(1)	(16)	(9)	(111)
Income tax benefit	4	24	6	46
Income (loss) from discontinued operations, net of tax	\$ 3	\$ 8	\$ (3)	\$ (65)

⁽¹⁾ The three and nine months ended September 30, 2016 include \$6 and \$13, respectively, of interest on the \$1.0 billion Senior Unsecured Term Facility, which was required to be repaid upon completion of the Separation and therefore was reported in the Income (loss) from discontinued operations.

Refer to Note 11 - Debt for additional information regarding the Separation Debt Activity.

In January 2017, as provided for in the Separation Agreement, we received a distribution from Conduent of \$161 representing the final adjustment required to set Conduent's cash balance at \$225 as of the Separation. This amount was recorded as a receivable from Conduent included in Other Current Assets at December 31, 2016. The cash receipt was reported in Cash Flows from Financing Activities in the Condensed Consolidated Statements of Cash Flows as it represented an adjustment to our Distribution of Conduent.

Other Divestitures

In August 2017 we completed the sale of the Xerox Research Centre Europe in Grenoble, France to Naver Corporation (Naver). The selling price was approximately \$23 and included a license agreement and the transfer of liabilities. The net assets and expenses of the sale were approximately \$10, including approximately \$6 of Goodwill, resulting in a pretax gain of \$13 (\$4 after-tax), which is included in Other expenses, net in the Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2017. The sale included the transfer of approximately 80 researchers and administrative staff who became part of Naver.

Note 6 – Accounts Receivable, Net

Accounts receivable, net were as follows:

	September 30, 2017	December 31, 2016
Invoiced	\$ 731	\$ 651
Accrued	357	374
Allowance for doubtful accounts	(57)	(64)
Accounts Receivable, Net	\$ 1,031	\$ 961

We perform ongoing credit evaluations of our customers and adjust credit limits based upon customer payment history and current creditworthiness. The allowance for uncollectible accounts receivable is determined principally on the basis of past collection experience as well as consideration of current economic conditions and changes in our customer collection trends.

Accounts Receivable Sales Arrangements

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 receivable sold are generally short-term trade receivables with payment due dates of less than 60 days. In connection with the efforts of our Strategic Transformation Program to reduce costs and simplify our business processes, we have decided to terminate all accounts receivable sales arrangements in North America and most arrangements in Europe during the fourth quarter 2017.

All of our arrangements involve the sale of our entire interest in groups of accounts receivable for cash. In most instances, a portion of the sales proceeds are held back by the purchaser and payment is deferred until collection of the related receivables sold. Such holdbacks are not considered legal securities nor are they certificated. We report collections on such receivables as operating cash flows in the Condensed Consolidated Statements of Cash Flows because such receivables are the result of an operating activity and the associated interest rate risk is de minimis due to their short-term nature. Our risk of loss following the sales of accounts receivable is limited to the outstanding deferred purchase price receivable. These receivables are included in Other current assets in the accompanying Consolidated Balance Sheets and were \$56 and \$48 at September 30, 2017 and December 31, 2016, respectively.

Under most of the arrangements, we continue to service the sold accounts receivable. When applicable, a servicing liability is recorded for the estimated fair value of the servicing. The amounts associated with the servicing liability were not material.

Of the accounts receivable sold and derecognized from our balance sheet, \$476 and \$531 remained uncollected as of September 30, 2017 and December 31, 2016, respectively.

Accounts receivable sales were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Accounts receivable sales	\$ 520	\$ 516	\$ 1,598	\$ 1,690
Deferred proceeds	56	55	164	185
Loss on sales of accounts receivable	3	4	9	12
Estimated decrease to operating cash flows ⁽¹⁾	(77)	(58)	(83)	(42)

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

Note 7 - Finance Receivables, Net

Finance Receivables – Allowance for Credit Losses and Credit Quality

Finance receivables include sales-type leases, direct financing leases and installment loans arising from the marketing of our equipment. Our finance receivable portfolios are primarily in the U.S., Canada and Europe. We generally establish customer credit limits and estimate the allowance for credit losses on a country or geographic basis. Our policy and methodology used to establish our allowance for doubtful accounts has been consistently applied over all periods presented.

The following table is a rollforward of the allowance for doubtful finance receivables as well as the related investment in finance receivables:

Allowance for Credit Losses:	United States	Canada	Europe	Other ⁽²⁾	Total
Balance at December 31, 2016	\$ 55	\$ 16	\$ 37	\$ 2	\$ 110
Provision	4	—	5	—	9
Charge-offs	(6)	(2)	(2)	—	(10)
Recoveries and other ⁽³⁾	—	2	—	—	2
Balance at March 31, 2017	\$ 53	\$ 16	\$ 40	\$ 2	\$ 111
Provision	4	1	1	—	6
Charge-offs	(10)	(1)	(3)	—	(14)
Recoveries and other ⁽³⁾	1	—	4	—	5
Balance at June 30, 2017	\$ 48	\$ 16	\$ 42	\$ 2	\$ 108
Provision	1	—	3	—	4
Charge-offs	(2)	(1)	(3)	—	(6)
Recoveries and other ⁽³⁾	8	1	1	—	10
Balance at September 30, 2017	\$ 55	\$ 16	\$ 43	\$ 2	\$ 116
Finance receivables as of September 30, 2017 collectively evaluated for impairment ⁽⁴⁾	\$ 1,992	\$ 391	\$ 1,339	\$ 66	\$ 3,788
Balance at December 31, 2015⁽¹⁾	\$ 54	\$ 17	\$ 45	\$ 2	\$ 118
Provision	4	1	5	—	10
Charge-offs	(2)	(2)	(2)	—	(6)
Recoveries and other ⁽³⁾	1	2	1	—	4
Balance at March 31, 2016	\$ 57	\$ 18	\$ 49	\$ 2	\$ 126
Provision	—	1	7	—	8
Charge-offs	(3)	(2)	(3)	—	(8)
Recoveries and other ⁽³⁾	—	1	(2)	—	(1)
Balance at June 30, 2016	\$ 54	\$ 18	\$ 51	\$ 2	\$ 125
Provision	\$ 3	\$ 1	\$ 5	\$ —	\$ 9
Charge-offs	(1)	(2)	(3)	—	(6)
Recoveries and other ⁽³⁾	1	—	—	—	1
Balance at September 30, 2016	\$ 57	\$ 17	\$ 53	\$ 2	\$ 129
Finance receivables as of September 30, 2016 collectively evaluated for impairment⁽⁴⁾	\$ 2,139	\$ 377	\$ 1,382	\$ 66	\$ 3,964

(1) In the first quarter 2016, as a result of an internal reorganization, a U.S. leasing unit previously classified in Other was reclassified to the U.S. Prior year amounts have been revised to conform to current year presentation.

(2) Includes developing market countries and smaller units.

(3) Includes the impacts of foreign currency translation and adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.

(4) Total Finance receivables exclude the allowance for credit losses of \$116 and \$129 at September 30, 2017 and 2016, respectively.

We evaluate our customers based on the following credit quality indicators:

- **Investment grade:** This rating includes accounts with excellent to good business credit, asset quality and capacity to meet financial obligations. These customers are less susceptible to adverse effects due to shifts in economic conditions or changes in circumstance. The rating generally equates to a Standard & Poor's (S&P) rating of BBB- or better. Loss rates in this category are normally less than 1%.
- **Non-investment grade:** This rating includes accounts with average credit risk that are more susceptible to loss in the event of adverse business or economic conditions. This rating generally equates to a BB S&P rating. Although we experience higher loss rates associated with this customer class, we believe the risk is somewhat mitigated by the fact that our leases are fairly well dispersed across a large and diverse customer base. In addition, the higher loss rates are largely offset by the higher rates of return we obtain with such leases. Loss rates in this category are generally in the range of 2% to 4%.
- **Substandard:** This rating includes accounts that have marginal credit risk such that the customer's ability to make repayment is impaired or may likely become impaired. We use numerous strategies to mitigate risk including higher rates of interest, prepayments, personal guarantees, etc. Accounts in this category include customers who were downgraded during the term of the lease from investment and non-investment grade evaluation when the lease was originated. Accordingly, there is a distinct possibility for a loss of principal and interest or customer default. The loss rates in this category are approximately 10%.

Credit quality indicators are updated at least annually and the credit quality of any given customer can change during the life of the portfolio. Details about our finance receivables portfolio based on industry and credit quality indicators are as follows:

	September 30, 2017				December 31, 2016			
	Investment Grade	Non-investment Grade	Substandard	Total Finance Receivables	Investment Grade	Non-investment Grade	Substandard	Total Finance Receivables
Finance and other services ⁽⁴⁾	\$ 188	\$ 339	\$ 66	\$ 593	\$ 215	\$ 343	\$ 60	\$ 618
Government and education ⁽⁴⁾	480	58	15	553	535	56	17	608
Graphic arts ⁽⁴⁾	115	101	98	314	135	106	106	347
Industrial ⁽⁴⁾	84	80	13	177	88	82	14	184
Healthcare ⁽⁴⁾	89	42	11	142	92	39	12	143
Other ⁽⁴⁾	73	100	40	213	90	106	42	238
Total United States⁽⁴⁾	1,029	720	243	1,992	1,155	732	251	2,138
Finance and other services	54	42	25	121	54	43	15	112
Government and education	48	5	4	57	52	6	2	60
Graphic arts	35	34	28	97	39	37	24	100
Industrial	20	12	10	42	21	13	6	40
Other	34	26	14	74	33	25	8	66
Total Canada	191	119	81	391	199	124	55	378
France	192	228	52	472	181	222	51	454
U.K./Ireland ⁽⁴⁾	97	155	11	263	95	148	10	253
Central ⁽¹⁾	185	145	18	348	182	148	19	349
Southern ⁽²⁾	42	145	16	203	36	131	14	181
Nordics ⁽³⁾	31	21	1	53	26	22	1	49
Total Europe	547	694	98	1,339	520	671	95	1,286
Other	37	25	4	66	35	15	2	52
Total	\$ 1,804	\$ 1,558	\$ 426	\$ 3,788	\$ 1,909	\$ 1,542	\$ 403	\$ 3,854

(1) Switzerland, Germany, Austria, Belgium and Holland.

(2) Italy, Greece, Spain and Portugal.

(3) Sweden, Norway, Denmark and Finland.

(4) The December 31, 2016 amounts have been revised to conform to 2017 presentation.

The aging of our billed finance receivables is based upon the number of days an invoice is past due and is as follows:

September 30, 2017

	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Finance and other services	\$ 12	\$ 1	\$ 1	\$ 14	\$ 579	\$ 593	\$ 9
Government and education	15	1	3	19	534	553	20
Graphic arts	12	1	—	13	301	314	5
Industrial	4	—	1	5	172	177	5
Healthcare	4	—	1	5	137	142	5
Other	6	1	1	8	205	213	3
Total United States	53	4	7	64	1,928	1,992	47
Canada	4	1	—	5	386	391	13
France	3	—	—	3	469	472	15
U.K./Ireland	3	—	—	3	260	263	—
Central ⁽¹⁾	3	1	—	4	344	348	6
Southern ⁽²⁾	3	1	2	6	197	203	7
Nordics ⁽³⁾	—	—	—	—	53	53	—
Total Europe	12	2	2	16	1,323	1,339	28
Other	3	—	—	3	63	66	—
Total	\$ 72	\$ 7	\$ 9	\$ 88	\$ 3,700	\$ 3,788	\$ 88

December 31, 2016

	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Finance and other services	\$ 13	\$ 3	\$ 1	\$ 17	\$ 601	\$ 618	\$ 11
Government and education	10	4	3	17	591	608	25
Graphic arts	13	1	—	14	333	347	5
Industrial	4	1	1	6	178	184	5
Healthcare	3	1	1	5	138	143	5
Other	9	2	1	12	226	238	5
Total United States	52	12	7	71	2,067	2,138	56
Canada	3	—	—	3	375	378	8
France	3	—	—	3	451	454	20
U.K./Ireland	2	1	—	3	250	253	1
Central ⁽¹⁾	2	1	—	3	346	349	5
Southern ⁽²⁾	5	1	1	7	174	181	6
Nordics ⁽³⁾	1	—	—	1	48	49	1
Total Europe	13	3	1	17	1,269	1,286	33
Other	3	—	—	3	49	52	—
Total	\$ 71	\$ 15	\$ 8	\$ 94	\$ 3,760	\$ 3,854	\$ 97

(1) Switzerland, Germany, Austria, Belgium and Holland.

(2) Italy, Greece, Spain and Portugal.

(3) Sweden, Norway, Denmark and Finland.

Note 8 – Inventories

The following is a summary of Inventories by major category:

	September 30, 2017	December 31, 2016
Finished goods	\$ 880	\$ 713
Work-in-process	55	47
Raw materials	104	81
Total Inventories	\$ 1,039	\$ 841

Note 9 – Investment in Affiliates, at Equity

Our Equity in net income of unconsolidated affiliates was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Fuji Xerox	\$ 26	\$ 36	\$ 81	\$ 89
Other investments	4	4	9	11
Total Equity in Net Income of Unconsolidated Affiliates	\$ 30	\$ 40	\$ 90	\$ 100

Fuji Xerox

Equity in net income of Fuji Xerox is affected by certain adjustments required to reflect the deferral of profit associated with intercompany sales. These adjustments may result in recorded equity income that is different from that implied by our 25% ownership interest.

Refer to Note 2 - Correction of Fuji Xerox Misstatement in Prior Period Financial Statements for additional information regarding the results of a review of accounting practices at Fuji Xerox and the associated impact of adjustments from that review on previously reported Equity in net income of unconsolidated affiliates. The summarized financial data below for Fuji Xerox has likewise been revised accordingly to reflect the impact of those adjustments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Summary of Operations:				
Revenues	\$ 2,508	\$ 2,701	\$ 7,392	\$ 7,793
Costs and expenses	2,383	2,480	6,926	7,252
Income before income taxes	125	221	466	541
Income tax expense	41	68	117	159
Net Income	84	153	349	382
Less: Net income – noncontrolling interests	1	2	3	6
Net Income – Fuji Xerox	\$ 83	\$ 151	\$ 346	\$ 376
Weighted Average Exchange Rate ⁽¹⁾	110.90	102.44	111.92	108.64

(1) Represents Yen/U.S. Dollar exchange rate used to translate.

Note 10 – Restructuring Programs

During the nine months ended September 30, 2017, we recorded net restructuring and asset impairment charges of \$178, which included approximately \$200 of severance costs related to headcount reductions of approximately 2,100 employees worldwide and \$3 of lease cancellation costs. These costs were partially offset by \$25 of net reversals, primarily resulting from changes in estimated reserves from prior period initiatives.

We also recorded \$18 of costs during the nine months ended September 30, 2017, primarily related to professional support services associated with the implementation of the Strategic Transformation program.

Information related to restructuring program activity is outlined below:

	Severance and Related Costs	Lease Cancellation and Other Costs	Asset Impairments ⁽²⁾	Total
Balance at December 31, 2016	\$ 104	\$ 23	\$ —	\$ 127
Provision	110	2	—	112
Reversals	(2)	—	—	(2)
Net current period charges⁽¹⁾	108	2	—	110
Charges against reserve and currency	(58)	(1)	—	(59)
Balance at March 31, 2017	\$ 154	\$ 24	\$ —	\$ 178
Provision	50	1	—	51
Reversals	(13)	(5)	—	(18)
Net current period charges⁽¹⁾	37	(4)	—	33
Charges against reserve and currency	(43)	(17)	—	(60)
Balance at June 30, 2017	\$ 148	\$ 3	\$ —	\$ 151
Provision	40	—	—	40
Reversals	(5)	—	—	(5)
Net current period charges⁽¹⁾	35	—	—	35
Charges against reserve and currency	(36)	(3)	—	(39)
Balance at September 30, 2017	\$ 147	\$ —	\$ —	\$ 147

(1) Represents net amount recognized within the Condensed Consolidated Statements of Income for the period shown for restructuring and asset impairments charges.

(2) Charges associated with asset impairments represent the write-down of the related assets to their new cost basis and are recorded concurrently with the recognition of the provision.

The following table summarizes the reconciliation to the Condensed Consolidated Statements of Cash Flows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Charges against reserve and currency	\$ (39)	\$ (37)	\$ (158)	\$ (81)
Effects of foreign currency and other non-cash items	(3)	(1)	(11)	(2)
Restructuring Cash Payments	\$ (42)	\$ (38)	\$ (169)	\$ (83)

Note 11 – Debt

Senior Notes

In September 2017, we issued \$1.0 billion of 3.625% Senior Notes due March 2023 (the "2023 Senior Notes") at 99.920% of par resulting in aggregate net proceeds of approximately \$992. Interest on these Senior Notes is payable semi-annually. Debt issuance costs of approximately \$8 were paid and deferred in connection with the issuance of these Senior Notes and will be amortized over the term of the Senior Notes. The debt proceeds were used for general corporate purposes, which included a voluntary cash contribution of \$500 to our U.S. defined benefit pension plans as well as the early redemption of certain debt.

In September 2017, we announced the early redemption of \$475 of the remaining \$740 of 6.35% Senior Notes due May 2018. The redemption was completed in October 2017 and we expect to record a net loss of \$7 in the fourth quarter 2017.

Refer to Note 14 - Employee Benefit Plans for further information regarding the voluntary contribution made to our U.S. defined benefit pension plans.

Credit Facility

In August 2017, we entered into an Amended and Restated Credit Agreement that included a reduction in the size of our unsecured revolving Credit Facility from \$2.0 billion to \$1.8 billion and an extension in the maturity date from March 2019 to August 2022. The amended and restated Credit Facility also included a reduction in the letter of credit sub-facility from \$300 to \$250. The accordion feature of our previous \$2.0 billion Credit Facility, which allowed us to increase (from time to time, with willing lenders) the overall size of the facility by \$750, was retained. We also have the right to request a one year extension on any anniversary of the amendment date.

We deferred \$5 of debt issuance costs in connection with this amendment, which includes approximately \$2 of unamortized deferred debt issuance costs associated with the existing Credit Facility. The write-off of debt issuance costs associated with lenders who reduced their participation in the amended and restated Credit Facility were not material.

At September 30, 2017, we had no outstanding borrowings or letters of credit under the amended and restated Credit Facility.

The amended and restated \$1.8 billion Credit Agreement also includes revisions to pricing as well as certain financial covenants as follows:

Borrowings under the amended and restated Credit Facility bear interest at our choice, at either (a) a Base Rate as defined in the new Credit Facility agreement, plus a spread that varies between 0.000% and 0.700% depending on our credit rating at the time of borrowing, or (b) LIBOR plus an all-in spread that varies between 1.000% and 1.700% depending on our credit rating at the time of borrowing. Based on our credit rating as of September 30, 2017, the applicable all-in spreads for the Base Rate and LIBOR borrowing were 0.175% and 1.175%, respectively.

An annual facility fee is payable to each lender in the amended and restated Credit Facility at a rate that varies between 0.125% and 0.300% depending on our credit rating. Based on our credit rating as of September 30, 2017 the applicable rate is 0.200%.

The amended and restated Credit Facility contains various conditions to borrowing and affirmative, negative and financial maintenance covenants. Certain of the more significant covenants are summarized below:

- (a) Maximum leverage ratio (a quarterly test that is calculated as principal debt divided by consolidated EBITDA, both as defined in the amended and restated Credit Facility) of 4.25x.
- (b) Minimum interest coverage ratio (a quarterly test that is calculated as consolidated EBITDA divided by consolidated interest expense, both as defined in the amended and restated Credit Facility) may not be less than 3.00x.
- (c) Limitations on (i) liens securing debt, (ii) mergers, consolidations and liquidations, (iii) limitations on debt incurred by certain subsidiaries, (iv) sale of all or substantially all our assets, (v) payment restrictions affecting subsidiaries, (vi) non-arm's length transactions with affiliates, (vii) change in nature of business, (viii) actions that may violate OFAC and anti-corruption laws.

The amended and restated Credit Facility contains various events of default that are substantially similar to those included in the \$2.0 billion Credit Facility, the occurrence of which could result in termination of the lenders' commitments to lend and the acceleration of all our obligations under the amended and restated Credit Facility. These events of default include, without limitation: (i) payment defaults, (ii) breaches of covenants under the amended and restated Credit Facility (certain of which breaches do not have any grace period), (iii) cross-defaults and acceleration to certain of our other obligations and (iv) a change of control of Xerox.

Debt Exchange

In March 2017, we completed a private offering to exchange portions of certain outstanding Senior Notes due 2018 through 2020 (collectively, the old notes), listed below, for \$300 of new Senior Notes due 2022 and \$322 in cash consideration, which includes a \$22 exchange premium.

The following principal amounts of each series of old notes were validly tendered and subsequently cancelled:

Maturity Date	Coupon	Principal Amount Exchanged	4.07% Senior Notes Due March 2022	Cash Consideration
Senior Notes due May 15, 2018	6.350%	\$ 260	\$ 130	\$ 143
Senior Notes due March 15, 2019	2.750%	94	47	48
Senior Notes due December 15, 2019	5.625%	96	48	56
Senior Notes due May 15, 2020	2.800%	87	44	43
Senior Notes due August 20, 2020	3.500%	38	19	20
Senior Notes due September 1, 2020	2.750%	25	12	12
Total		\$ 600	\$ 300	\$ 322

The new Senior Notes bear a fixed coupon rate of 4.07% and are due in March 2022. There were no other significant changes to the terms between the old and new Senior Notes. We recorded a loss of approximately \$9 for the exchange premium and other carrying value adjustments related to the portion of the old notes exchanged for cash. However, the old notes exchanged for the new Senior Notes were accounted for as a debt modification and therefore approximately \$9 related to the exchange premium and other carrying value adjustments for that portion was carried over as an adjustment to the carrying value of new Senior Notes and is expected to be accreted over the term of the new Senior Notes. Transaction costs incurred on the exchange and paid to third parties of \$4 were expensed as part of the loss.

Separation Debt Activity

In connection with the Separation, Conduent made a cash distribution of approximately \$1.8 billion to Xerox in the fourth quarter 2016. Xerox used a portion of the cash distribution proceeds to repay its \$1.0 billion Senior Unsecured Term Facility in January 2017, which was required to be repaid upon completion of the Separation. This \$1.0 billion of cash and debt was excluded from the Cash and cash equivalents and Total Debt at December 31, 2016, respectively, and was reported in Current Assets and Current Liabilities of discontinued operations at December 31, 2016, respectively. In addition, due to the segregation of this cash at year-end, the payment was treated as a non-cash activity for the quarter ended March 31, 2017. Interest expense associated with this borrowing incurred during 2016 was included in Loss from discontinued operations, net of tax. Xerox used the balance of the proceeds received as well as cash on hand to repay its \$500 6.75% Senior Notes and \$500 2.95% Senior Notes that came due in first quarter 2017.

Interest Expense and Income

Interest expense and interest income were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Interest expense ⁽¹⁾	\$ 62	\$ 74	\$ 188	\$ 235
Interest income ⁽²⁾	75	85	229	253

(1) Includes Cost of financing as well as non-financing interest expense that is included in Other expenses, net in the Condensed Consolidated Statements of Income.

(2) Includes Finance income as well as other interest income that is included in Other expenses, net in the Condensed Consolidated Statements of Income.

Note 12 – Financial Instruments

Interest Rate Risk Management

We use interest rate swap agreements to manage our interest rate exposure and to achieve a desired proportion of variable and fixed rate debt. These derivatives may be designated as **fair value hedges** or **cash flow hedges** depending on the nature of the risk being hedged.

Fair Value Hedges

As of September 30, 2017, pay variable/receive fixed interest rate swaps with notional amounts of \$300 and net asset fair value of \$4 were designated and accounted for as fair value hedges. The swaps were structured to hedge the fair value of related debt by converting them from fixed rate instruments to variable rate instruments.

The following is a summary of our fair value hedges at September 30, 2017:

Debt Instrument	Year First Designated	Notional Amount	Net Fair Value	Weighted Average Interest Rate Paid	Interest Rate Received	Basis	Maturity
Senior Note 2021	2014	\$ 300	\$ 4	2.79%	4.5%	Libor	2021

Foreign Exchange Risk Management

We are a global company that is exposed to foreign currency exchange rate fluctuations in the normal course of our business. As a part of our foreign exchange risk management strategy, we use derivative instruments, primarily forward contracts and purchased option contracts, to hedge the following foreign currency exposures, thereby reducing volatility of earnings or protecting fair values of assets and liabilities:

- Foreign currency-denominated assets and liabilities
- Forecasted purchases and sales in foreign currency

At September 30, 2017 and December 31, 2016, we had outstanding forward exchange and purchased option contracts with gross notional values of \$2,036 and \$3,149 respectively, with terms of less than 12 months. Approximately 69% of the contracts at September 30, 2017 mature within three months, 25% mature in three to six months and 6% in six to twelve months. The associated currency exposures being hedged at September 30, 2017 were materially consistent with our year-end currency exposures, with the exception of our Euro/U.K. Pound Sterling exposure, which decreased by approximately \$1,130 (currencies hedged - buy/sell). There has not been any material change in our hedging strategy.

Foreign Currency Cash Flow Hedges

We designate a portion of our foreign currency derivative contracts as cash flow hedges of our foreign currency-denominated expenses. The net liability fair value of these contracts were \$21 and \$20 as of September 30, 2017 and December 31, 2016, respectively.

Summary of Derivative Instruments Fair Value

The following table provides a summary of the fair value amounts of our derivative instruments:

Designation of Derivatives	Balance Sheet Location	September 30, 2017	December 31, 2016
Derivatives Designated as Hedging Instruments			
Foreign exchange contracts - forwards	Other current assets	\$ 1	\$ 6
	Other current liabilities	(22)	(26)
Interest rate swaps	Other long-term assets	4	4
	Net Designated Derivative Liability	\$ (17)	\$ (16)
Derivatives NOT Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	\$ 5	\$ 82
	Other current liabilities	(27)	(13)
	Net Undesignated Derivative (Liability) Asset	\$ (22)	\$ 69
Summary of Derivatives	Total Derivative Assets	\$ 10	\$ 92
	Total Derivative Liabilities	(49)	(39)
	Net Derivative (Liability) Asset	\$ (39)	\$ 53

Summary of Derivative Instruments Gains (Losses)

Derivative gains (losses) affect the income statement based on whether such derivatives are designated as hedges of underlying exposures. The following is a summary of derivative gains (losses).

Designated Derivative Instruments Gains (Losses)

The following table provides a summary of gains (losses) on derivative instruments:

Gain (Loss) on Derivative Instruments	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Fair Value Hedges - Interest rate contracts				
Derivative (loss) gain recognized in interest expense	\$ (1)	\$ (3)	\$ —	\$ 8
Hedged item gain (loss) recognized in interest expense	1	3	—	(8)
Cash Flow Hedges - Foreign exchange forward contracts and options				
Derivative (loss) gain recognized in OCI (effective portion)	\$ (9)	\$ 4	\$ (22)	\$ 61
Derivative (loss) gain reclassified from AOCL to income - Cost of sales (effective portion)	(15)	17	(23)	24

During the three and nine months ended September 30, 2017 and 2016 no amount of ineffectiveness was recorded in earnings for these designated cash flow hedges and all components of each derivative's gain (loss) was included in the assessment of hedge effectiveness. In addition, no amount was recorded for an underlying exposure that did not occur or was not expected to occur.

As of September 30, 2017, a net after-tax loss of \$17 was recorded in accumulated other comprehensive loss associated with our cash flow hedging activity. The entire balance is expected to be reclassified into net income within the next 12 months, providing an offsetting economic impact against the underlying anticipated transactions.

Non-Designated Derivative Instruments (Losses) Gains

Non-designated derivative instruments are primarily instruments used to hedge foreign currency-denominated assets and liabilities. They are not designated as hedges since there is a natural offset for the re-measurement of the underlying foreign currency-denominated asset or liability.

The following table provides a summary of (losses) gains on non-designated derivative instruments:

Derivatives NOT Designated as Hedging Instruments	Location of Derivative (Loss) Gain	Three Months Ended September 30,		Nine Months Ended September 30,	
		2017	2016	2017	2016
Foreign exchange contracts – forwards	Other expense – Currency (loss) gain, net	\$ (20)	\$ 33	\$ (30)	\$ 182

Net currency gains and losses are included in Other expenses, net and include the mark-to-market adjustments of the derivatives not designated as hedging instruments and the related cost of those derivatives as well as the re-measurement of foreign currency-denominated assets and liabilities. For the three and nine months ended September 30, 2017, currency losses, net were \$0 and \$4, respectively. For the three and nine months ended September 30, 2016, currency losses, net were \$4 and \$7, respectively.

Note 13 – Fair Value of Financial Assets and Liabilities

The following table represents assets and liabilities measured at fair value on a recurring basis. The basis for the measurement at fair value in all cases is Level 2 – Significant Other Observable Inputs.

	September 30, 2017	December 31, 2016
Assets:		
Foreign exchange contracts - forwards	\$ 6	\$ 88
Interest rate swaps	4	4
Deferred compensation investments in mutual funds	17	15
Total	\$ 27	\$ 107
Liabilities:		
Foreign exchange contracts - forwards	\$ 49	\$ 39
Deferred compensation plan liabilities	18	17
Total	\$ 67	\$ 56

We utilize the income approach to measure the fair value for our derivative assets and liabilities. The income approach uses pricing models that rely on market observable inputs such as yield curves, currency exchange rates and forward prices, and therefore are classified as Level 2.

Fair value for our deferred compensation plan investments in mutual funds is based on quoted market prices for those funds. Fair value for deferred compensation plan liabilities is based on the fair value of investments corresponding to employees' investment selections.

Summary of Other Financial Assets and Liabilities

The estimated fair values of our other financial assets and liabilities were as follows:

	September 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 1,781	\$ 1,781	\$ 2,223	\$ 2,223
Accounts receivable, net	1,031	1,031	961	961
Short-term debt	763	774	1,011	1,015
Long-term debt	5,235	5,400	5,305	5,438

The fair value amounts for Cash and cash equivalents and Accounts receivable, net, approximate carrying amounts due to the short maturities of these instruments. The fair value of Short and Long-term debt was estimated based on the current rates offered to us for debt of similar maturities (Level 2). The difference between the fair value and the carrying value represents the theoretical net premium or discount we would pay or receive to retire all debt at such date.

Note 14 – Employee Benefit Plans

The components of Net periodic benefit cost and other changes in plan assets and benefit obligations were as follows:

Components of Net Periodic Benefit Costs:	Three Months Ended September 30,					
	Pension Benefits				Retiree Health	
	U.S. Plans		Non-U.S. Plans			
	2017	2016	2017	2016	2017	2016
Service cost	\$ —	\$ 1	\$ 5	\$ 7	\$ 2	\$ 1
Interest cost	31	32	43	49	7	9
Expected return on plan assets	(35)	(34)	(57)	(61)	—	—
Recognized net actuarial loss	5	8	20	15	—	—
Amortization of prior service credit	—	—	(1)	(1)	(1)	(2)
Recognized settlement loss	23	16	—	—	—	—
Defined Benefit Plans	24	23	10	9	8	8
Defined contribution plans	6	8	8	6	n/a	n/a
Net Periodic Benefit Cost	30	31	18	15	8	8
Other changes in plan assets and benefit obligations recognized in Other Comprehensive Income (Loss):						
Net actuarial loss ⁽¹⁾	50	113	—	—	—	—
Amortization of prior service credit	—	—	1	1	1	2
Amortization of net actuarial loss	(28)	(24)	(21)	(15)	(1)	—
Total Recognized in Other Comprehensive Income (Loss)⁽²⁾	22	89	(20)	(14)	—	2
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income (Loss)	\$ 52	\$ 120	\$ (2)	\$ 1	\$ 8	\$ 10
Other changes in plan assets and benefit obligations recognized in Other Comprehensive Income (Loss):						
Net actuarial loss (gain) ⁽¹⁾	70	370	—	—	(11)	(34)
Amortization of prior service credit	1	1	3	3	3	4
Amortization of net actuarial loss	(100)	(82)	(59)	(49)	(1)	(1)
Total Recognized in Other Comprehensive Income (Loss)⁽²⁾	(29)	289	(56)	(46)	(9)	(31)
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income (Loss)	\$ 92	\$ 391	\$ (3)	\$ 5	\$ 13	\$ (5)

(1) The net actuarial loss (gain) for U.S. Plans primarily reflects (i) the remeasurement of our primary U.S. pension plans as a result of the payment of periodic settlements and (ii) adjustments for the actuarial valuation results based on January 1st plan census data.

(2) Amounts represent the pre-tax effect included within Other comprehensive Income (Loss). Refer to Note 16 - Other Comprehensive Income (Loss) for related tax effects and the after-tax amounts.

Contributions

The following table summarizes cash contributions to our defined benefit pension plans and retiree health benefit plans.

	Nine Months Ended September 30,		Year Ended December 31,	
	2017	2016	Estimated 2017	2016
U.S. Plans	\$ 668	\$ 17	\$ 674	\$ 24
Non-U.S. Plans	49	85	161	154
Total Pension	\$ 717	\$ 102	\$ 835	\$ 178
Retiree Health	\$ 49	\$ 46	\$ 65	\$ 61

The estimated full year 2017 U.S. pension plan contributions of \$674 include \$650 contributed in the third quarter of 2017 to our domestic tax-qualified defined benefit plans, which was comprised of \$15 to meet the minimum funding requirements and \$635 of additional voluntary contributions. The original estimate of 2017 voluntary contributions of \$135 was increased by \$500 to \$635 as a result of funding provided from a Senior Note offering in the third quarter 2017. Refer to Note 11 - Debt for further information regarding the issuance of the Senior Notes.

Note 15 – Shareholders' Equity

As previously disclosed in Note 1 - Basis of Presentation, a one-for-four reverse stock split became effective on June 14, 2017 for all authorized, issued and outstanding shares of Xerox common stock. Accordingly, all share and per share amounts have been adjusted to reflect this reverse stock split for all prior periods presented.

The historical statements of Shareholders' Equity were not revised to reflect the effect of the Separation and instead reflect the Separation as a final adjustment to the balances at December 31, 2016. Refer to Note 5 - Divestitures for additional information regarding the Separation.

	Common Stock	Additional Paid-in Capital	Retained Earnings	AOCL ⁽³⁾	Xerox Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2016	\$ 254	\$ 3,858	\$ 4,934	\$ (4,337)	\$ 4,709	\$ 38	\$ 4,747
Comprehensive income, net	—	—	385	442	827	10	837
Cash dividends declared - common ⁽¹⁾	—	—	(192)	—	(192)	—	(192)
Cash dividends declared - preferred ⁽²⁾	—	—	(11)	—	(11)	—	(11)
Stock option and incentive plans, net	1	23	—	—	24	—	24
Distributions and purchase - noncontrolling interests	—	(1)	—	—	(1)	(14)	(15)
Balance at September 30, 2017	\$ 255	\$ 3,880	\$ 5,116	\$ (3,895)	\$ 5,356	\$ 34	\$ 5,390
	Common Stock	Additional Paid-in Capital	Retained Earnings	AOCL ⁽³⁾	Xerox Shareholders' Equity	Non- controlling Interests	Total Equity
Balance at December 31, 2015	\$ 253	\$ 3,777	\$ 9,575	\$ (4,630)	\$ 8,975	\$ 43	\$ 9,018
Comprehensive income, net	—	—	372	4	376	7	383
Cash dividends declared - common ⁽¹⁾	—	—	(237)	—	(237)	—	(237)
Cash dividends declared - preferred ⁽²⁾	—	—	(18)	—	(18)	—	(18)
Stock option and incentive plans, net	—	55	—	—	55	—	55
Distributions to noncontrolling interests	—	—	—	—	—	(10)	(10)
Balance at September 30, 2016	\$ 253	\$ 3,832	\$ 9,692	\$ (4,626)	\$ 9,151	\$ 40	\$ 9,191

(1) Cash dividends declared on common stock of \$0.25 per share in each quarter of 2017 and \$0.31 per share in each quarter of 2016.

(2) Cash dividends declared on preferred stock of \$20.00 per share in each quarter of 2017 and 2016.

(3) Refer to Note 16 - Other Comprehensive Income (Loss) for components of AOCL.

Treasury Stock

There were no repurchases of Xerox Common Stock pursuant to Board authorized share repurchase programs during first, second or third quarter 2017.

Note 16 - Other Comprehensive Income (Loss)

As previously disclosed in Note 1 - Basis of Presentation, the historical statements of Other Comprehensive Income (Loss) have not been revised to reflect the effect of the Separation. Refer to Note 5 - Divestitures for additional information regarding the Separation. Other Comprehensive Income (Loss) is comprised of the following:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2017		2016		2017		2016	
	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Translation Adjustments Gains (Losses)	\$ 152	\$ 154	\$ (21)	\$ (21)	\$ 490	\$ 491	\$ 90	\$ 86
Unrealized (Losses) Gains:								
Changes in fair value of cash flow hedges - (losses) gains	(9)	(7)	4	3	(22)	(18)	61	42
Changes in cash flow hedges reclassified to earnings ⁽¹⁾	15	11	(17)	(12)	23	15	(24)	(17)
Other losses	(2)	(2)	—	—	(1)	(1)	(1)	(1)
Net Unrealized Gains (Losses)	<u>4</u>	<u>2</u>	<u>(13)</u>	<u>(9)</u>	<u>—</u>	<u>(4)</u>	<u>36</u>	<u>24</u>
Defined Benefit Plans (Losses) Gains:								
Net actuarial losses	(50)	(31)	(113)	(69)	(59)	(37)	(336)	(207)
Prior service amortization ⁽²⁾	(2)	(2)	(3)	(2)	(7)	(5)	(8)	(5)
Actuarial loss amortization/settlement ⁽²⁾	50	35	40	27	160	109	133	90
Fuji Xerox changes in defined benefit plans, net ⁽³⁾	6	6	(8)	(8)	27	27	(108)	(108)
Other (losses) gains ⁽⁴⁾	(49)	(49)	38	37	(138)	(138)	124	123
Changes in Defined Benefit Plans Losses	<u>(45)</u>	<u>(41)</u>	<u>(46)</u>	<u>(15)</u>	<u>(17)</u>	<u>(44)</u>	<u>(195)</u>	<u>(107)</u>
Other Comprehensive Income (Loss)	111	115	(80)	(45)	473	443	(69)	3
Less: Other comprehensive income (loss) attributable to noncontrolling interests	—	—	—	—	1	1	(1)	(1)
Other Comprehensive Income (Loss) Attributable to Xerox	<u>\$ 111</u>	<u>\$ 115</u>	<u>\$ (80)</u>	<u>\$ (45)</u>	<u>\$ 472</u>	<u>\$ 442</u>	<u>\$ (68)</u>	<u>\$ 4</u>

(1) Reclassified to Cost of sales - refer to Note 12 - Financial Instruments for additional information regarding our cash flow hedges.

(2) Reclassified to Total Net Periodic Benefit Cost - refer to Note 14 - Employee Benefit Plans for additional information.

(3) Represents our share of Fuji Xerox's benefit plan changes.

(4) Primarily represents currency impact on cumulative amount of benefit plan net actuarial losses and prior service credits in AOCL.

Accumulated Other Comprehensive Loss (AOCL)

AOCL is comprised of the following:

	September 30, 2017	December 31, 2016
Cumulative translation adjustments	\$ (1,773)	\$ (2,263)
Other unrealized losses, net	(17)	(13)
Benefit plans net actuarial losses and prior service credits ⁽¹⁾	(2,105)	(2,061)
Total Accumulated Other Comprehensive Loss Attributable to Xerox	<u>\$ (3,895)</u>	<u>\$ (4,337)</u>

(1) Includes our share of Fuji Xerox.

Note 17 – Earnings per Share

As previously disclosed in Note 1 - Basis of Presentation, a one-for-four reverse stock split became effective on June 14, 2017 for all authorized, issued and outstanding shares of Xerox common stock. Accordingly, all share and per share amounts have been adjusted to reflect this reverse stock split for all prior periods presented.

The following table sets forth the computation of basic and diluted earnings per share of common stock (shares in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Basic Earnings (Loss) per Share:				
Net income from continuing operations attributable to Xerox	\$ 176	\$ 175	\$ 388	\$ 437
Accrued dividends on preferred stock	(4)	(6)	(11)	(18)
Adjusted Net income from continuing operations available to common shareholders	172	169	377	419
Net income (loss) from discontinued operations attributable to Xerox	3	8	(3)	(65)
Adjusted Net income available to common shareholders	\$ 175	\$ 177	\$ 374	\$ 354
Weighted average common shares outstanding	254,510	253,430	254,259	253,340
Basic Earnings (Loss) per Share:				
Continuing operations	\$ 0.68	\$ 0.66	\$ 1.49	\$ 1.65
Discontinued operations	0.01	0.03	(0.01)	(0.25)
Basic Earnings per Share	\$ 0.69	\$ 0.69	\$ 1.48	\$ 1.40
Diluted Earnings (Loss) per Share:				
Net income from continuing operations attributable to Xerox	\$ 176	\$ 175	\$ 388	\$ 437
Accrued dividends on preferred stock	—	(6)	(11)	(18)
Adjusted Net income from continuing operations available to common shareholders	176	169	377	419
Net income (loss) from discontinued operations attributable to Xerox	3	8	(3)	(65)
Adjusted Net income available to common shareholders	\$ 179	\$ 177	\$ 374	\$ 354
Weighted average common shares outstanding	254,510	253,430	254,259	253,340
Common shares issuable with respect to:				
Stock options	—	150	—	173
Restricted stock and performance shares	2,133	2,744	2,170	2,081
Convertible preferred stock	6,742	—	—	—
Adjusted Weighted average common shares outstanding	263,385	256,324	256,429	255,594
Diluted Earnings (Loss) per Share:				
Continuing operations	\$ 0.67	\$ 0.66	\$ 1.47	\$ 1.64
Discontinued operations	0.01	0.03	(0.01)	(0.26)
Diluted Earnings per Share	\$ 0.68	\$ 0.69	\$ 1.46	\$ 1.38
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	—	327	—	304
Restricted stock and performance shares	3,890	5,658	3,852	6,321
Convertible preferred stock	—	6,742	6,742	6,742
Total Anti-Dilutive Securities	3,890	12,727	10,594	13,367
Dividends per Common Share	\$ 0.25	\$ 0.31	\$ 0.75	\$ 0.93

Note 18 – Contingencies and Litigation

Legal Matters

We are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting; servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. We assess our potential liability by analyzing our litigation and regulatory matters using available information. We develop our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Brazil Tax and Labor Contingencies

Our Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes, as well as disputes associated with former employees and contract labor. The tax matters, which comprise a significant portion of the total contingencies, principally relate to claims for taxes on the internal transfer of inventory, municipal service taxes on rentals and gross revenue taxes. We are disputing these tax matters and intend to vigorously defend our positions. Based on the opinion of legal counsel and current reserves for those matters deemed probable of loss, we do not believe that the ultimate resolution of these matters will materially impact our results of operations, financial position or cash flows.

The labor matters principally relate to claims made by former employees and contract labor for the equivalent payment of all social security and other related labor benefits, as well as consequential tax claims, as if they were regular employees. As of September 30, 2017, the total amounts related to the unreserved portion of the tax and labor contingencies, inclusive of any related interest, amounted to approximately \$637, with the decrease from our December 31, 2016 balance of approximately \$750, primarily related to closed cases, partially offset by interest. With respect to the unreserved balance of \$637, the majority has been assessed by management as being remote as to the likelihood of ultimately resulting in a loss to the company. In connection with the above proceedings, customary local regulations may require us to make escrow cash deposits or post other security of up to half of the total amount in dispute. As of September 30, 2017, we had \$78 of escrow cash deposits for matters we are disputing and additional letters of credit and surety bonds of approximately \$150 and \$100, respectively, which include associated indexation. There were no liens on any of our Brazilian assets as of September 30, 2017. Generally, any escrowed amounts would be refundable and any liens would be removed to the extent the matters are resolved in our favor. We routinely assess all these matters as to probability of ultimately incurring a liability against our Brazilian operations and record our best estimate of the ultimate loss in situations where we assess the likelihood of an ultimate loss as probable.

Litigation Against the Company

State of Texas v. Xerox Corporation, Xerox State Healthcare, LLC, and ACS State Healthcare, LLC: On May 9, 2014, the State of Texas, via the Texas Office of Attorney General (the "State"), filed a lawsuit in the 53rd Judicial District Court of Travis County, Texas. The lawsuit alleges that Xerox Corporation, Xerox State Healthcare, LLC and ACS State Healthcare (collectively "the Defendants") violated the Texas Medicaid Fraud Prevention Act in the administration of ACS's contract with the Texas Department of Health and Human Services ("HHSC"). Xerox Corporation provided a guaranty of contractual performance with respect to the ACS contract. The State alleges that the Defendants made false representations of material facts regarding the processes, procedures, implementation and results regarding the prior authorization of orthodontic claims. The State seeks recovery of actual damages, two times the amount of any overpayments made as a result of unlawful acts, civil penalties, pre- and post-judgment interest and all costs and attorneys' fees. The State references the amount in controversy as exceeding hundreds of millions of dollars. The Defendants filed their Answer in June 2014 denying all allegations. In August 2017, the State of Texas filed a Second Amended Petition, which makes substantially similar allegations and seeks similar remedies as the original lawsuit. On October 23, 2017, Xerox Corporation filed a Motion for Summary

Judgment seeking judgment in Xerox's favor on all claims against it. The Defendants will continue to vigorously defend themselves in this matter. This matter is a "Conduent Liability", as defined in the Separation and Distribution Agreement dated as of December 31, 2016 between Xerox Corporation and Conduent Incorporated, for which Conduent is required to indemnify Xerox. Conduent is entitled to direct the defense of this matter.

Oklahoma Firefighters Pension and Retirement System v. Xerox Corporation, Ursula M. Burns, Luca Maestri, Kathryn A. Mikells, Lynn R. Blodgett, Robert K. Zapfel, David H. Bywater and Mary Scanlon: On October 21, 2016, the Oklahoma Firefighters Pension and Retirement System ("plaintiff") filed a purported securities class action complaint against Xerox Corporation, Ursula Burns, Luca Maestri, Kathryn Mikells, Lynn Blodgett and Robert Zapfel (collectively, "defendants") in the U.S. District Court for the Southern District of New York on behalf of the plaintiff and certain purchasers or acquirers of Xerox common stock. The complaint alleged that defendants made false and misleading statements, in violation of Sections 10(b) and 20(a) of the Securities Exchange Act and SEC Rule 10b-5, relating to the operations and prospects of Xerox's Health Enterprise business. Plaintiff sought, among other things, unspecified monetary damages and attorneys' fees. Other, similar lawsuits may follow. On December 28, 2016, the Court entered a stipulated order setting out a schedule for amendment of the complaint and for defendants' response to that complaint following the Court's appointment of lead plaintiff under the Private Securities Litigation Reform Act. On February 28, 2017, the Court issued an opinion and order appointing the Arkansas Public Employees Retirement System ("APERS") as lead plaintiff. On May 1, 2017, APERS filed an amended complaint, alleging substantially similar claims and seeking substantially similar relief, but adding David Bywater and Mary Scanlon as defendants. On June 30, 2017, defendants moved to dismiss the amended complaint, and the motion was fully briefed on October 13, 2017. Xerox will vigorously defend against this matter. At this time, it is premature to make any conclusion regarding the probability of incurring material losses in this litigation. Should developments cause a change in our determination as to an unfavorable outcome, or result in a final adverse judgment or settlement, there could be a material adverse effect on our results of operations, cash flows and financial position in the period in which such change in determination, judgment, or settlement occurs.

Other Contingencies

We have issued or provided approximately \$396 of guarantees as of September 30, 2017 in the form of letters of credit or surety bonds issued to i) support certain insurance programs; ii) support our obligations related to the Brazil tax and labor contingencies; and iii) support certain contracts, primarily with public sector customers, which require us to provide a surety bond as a guarantee of our performance of contractual obligations.

In general, we would only be liable for the amount of these guarantees in the event we defaulted in performing our obligations under each contract; the probability of which we believe is remote. We believe that our capacity in the surety markets as well as under various credit arrangements (including our Credit Facility) is sufficient to allow us to respond to future requests for proposals that require such credit support.

Indemnifications

We have indemnified, subject to certain deductibles and limits, the purchasers of businesses or divested assets for the occurrence of specified events under certain of our divestiture agreements. Where appropriate, an obligation for such indemnifications is recorded as a liability. Since the obligated amounts of these types of indemnifications are often not explicitly stated and/or are contingent on the occurrence of future events, the overall maximum amount of the obligation under such indemnifications cannot be reasonably estimated. Other than obligations recorded as liabilities at the time of divestiture, we have not historically made significant payments for these indemnifications. Additionally, under certain of our acquisition agreements, we have provided for additional consideration to be paid to the sellers if established financial targets are achieved post-closing. We have recognized liabilities for these contingent obligations based on an estimate of the fair value of these contingencies at the time of acquisition. Contingent obligations related to indemnifications arising from our divestitures and contingent consideration provided for by our acquisitions are not expected to be material to our financial position, results of operations or cash flows.

ITEM 2 — MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management’s Discussion and Analysis (MD&A) is intended to help the reader understand the results of operations and financial condition of Xerox Corporation. MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying notes.

Throughout this document, references to “we,” “our,” the “company,” and “Xerox” refer to Xerox Corporation and its subsidiaries. References to “Xerox Corporation” refer to the stand-alone parent company and do not include its subsidiaries.

Currency Impact

To better understand the trends in our business, we believe that it is helpful to analyze the impact of changes in the translation of foreign currencies into U.S. Dollars on revenue and expenses. We refer to this analysis as “constant currency”, “currency impact” or “the impact from currency.” This impact is calculated by translating current period activity in local currency using the comparable prior year period’s currency translation rate. This impact is calculated for all countries where the functional currency is the local country currency. We do not hedge the translation effect of revenues or expenses denominated in currencies where the local currency is the functional currency. 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. The constant currency impact for signings growth is calculated on the basis of plan currency rates.

Overview

Fuji Xerox Accounting Review

Fuji Xerox is a joint venture between Xerox Corporation and Fujifilm Holdings Corporation (“Fujifilm”) in which Xerox holds a noncontrolling 25% equity interest and Fujifilm holds the remaining equity interest. In April 2017, Fujifilm publicly announced it had formed an independent investigation committee (IIC) to conduct a review of the appropriateness of the accounting practices at Fuji Xerox’s New Zealand subsidiary related to the recovery of receivables associated with certain bundled leasing transactions that occurred in, or prior to, Fuji Xerox’s fiscal year ending March 31, 2016. The IIC’s review, completed during the second quarter 2017, identified total aggregate adjustments to Fuji Xerox’s prior period financial statements of approximately JPY 40 billion (approximately \$360 million based on the Yen/U.S. Dollar spot exchange rate at March 31, 2017 of 111.89). The adjustments identified by the IIC primarily related to misstatements at Fuji Xerox’s New Zealand subsidiary as well as their Australian subsidiary and certain other adjustments. We determined that our cumulative share of the total adjustments identified as part of the IIC’s investigation was approximately \$90 million² and impacted our fiscal years 2009 through 2017.

In second quarter 2017, we determined that the misstatements to our equity income in prior years and in first quarter 2017 resulting from the IIC’s review were immaterial to our previously issued financial statements. However, we concluded that the cumulative correction of these misstatements would have had a material effect on our current year consolidated financial statements. Accordingly, we will revise our previously issued annual and interim consolidated financial statements for 2014, 2015 and 2016 and the first quarter of 2017 the next time they are filed. Certain of the corrections discussed above affected periods prior to fiscal year 2014, and this effect was reflected as a cumulative, net of tax adjustment to reduce retained earnings as of January 1, 2014 by \$69 million. Prior period amounts throughout this section have been adjusted to incorporate the revised amounts, where applicable.

Refer to Note 2 - Correction of Fuji Xerox Misstatement in Prior Period Financial Statements for additional information regarding this matter.

Reverse Stock Split

On May 23, 2017, the Board of Directors authorized and shareholders approved a reverse stock split of outstanding Xerox common stock at a ratio of one-for-four shares, together with the proportionate reduction in the authorized shares of its common stock from 1,750,000,000 shares to 437,500,000 shares. The reverse stock split became effective on June 14, 2017.

Refer to Note 1- Basis of Presentation in the Condensed Consolidated Financial Statements for additional information regarding the reverse stock split.

Segment Changes

Following the separation of the Business Process Outsourcing (BPO) business, we realigned our operations to better manage the business and serve our customers and the markets in which we operate. In 2017, we transitioned to a geographic focus and are primarily organized from a sales perspective on the basis of “go-to-market” sales channels. These sales channels are structured to serve a range of customers for our products and services. As a result of this transition and change in structure, we concluded that we have one operating and reportable segment - the design, development and sale of document management systems and solutions. Our chief executive officer was identified as the chief operating decision maker (“CODM”). All of the company’s activities are interrelated, and each activity is dependent upon and supportive of the other, including product development, supply chain and back-office support services. In addition, all significant operating decisions are largely based upon an analysis of Xerox at the consolidated level, including assessments related to the company’s incentive compensation plans, as well as at the Board level.

Separation Update

On December 31, 2016, Xerox Corporation completed the separation of its BPO business from its Document Technology and Document Outsourcing (DT/DO) business (the “Separation”). The Separation was accomplished through the transfer of the BPO business into a new legal entity, Conduent Incorporated (“Conduent”), and then distributing one hundred percent (100%) of the outstanding common stock of Conduent to Xerox Corporation stockholders (the “Distribution”). Conduent is now an independent public company trading on the New York Stock Exchange (“NYSE”) under the symbol “CNDT”. As a result of the Separation and Distribution, the BPO business is presented as a discontinued operation and, as such, has been excluded from continuing operations for all periods presented.

Refer to Note 5 - Divestitures in the Condensed Consolidated Financial Statements for additional information regarding the Separation.

Third Quarter 2017 Review

During the third quarter 2017 the rate of decline in revenues moderately improved and margins, as well as cash flows were both in line with expectations. The launch of our new ConnectKey products continued to show improvement during third quarter 2017 and we also had improvement in our Managed Document Services revenues.

Total revenue of \$2.5 billion for third quarter 2017 declined 5.0% from third quarter 2016 including a 0.9-percentage point favorable impact from currency. Post-sale revenue of \$1.98 billion, which represented 79% of total revenues, declined 3.9% including a 0.9-percentage point favorable impact from currency. The decline in post-sale revenue primarily reflects lower equipment signings, installs and sales in prior periods, a continued decline in page volumes, lower other I/T hardware sales and lower supplies demand. Equipment revenues of \$521 million declined by 9.1%, including a 0.9-percentage point favorable impact from currency. Equipment revenues declined across all product areas, which reflected the impact of longer new product transitions cycles in certain areas of the business, ongoing black-and-white revenue declines that reflected overall market decline trends and unfavorable mix. Equipment revenues were also impacted by price declines of approximately 5%. Total revenue of \$7.52 billion for the nine months ended September 30, 2017 declined 6.5% from the prior year period including a 0.9-percentage point negative impact from currency. Post-sale revenue of \$5.95 billion, which represented 79% of total revenues, declined 5.1% including a 0.9-percentage point negative impact from currency. Equipment revenues of \$1.57 billion declined by 11.1%, including a 0.7-percentage point negative impact from currency.

Net income from continuing operations attributable to Xerox for the three months ended September 30, 2017 and 2016 was \$176 million and \$175 million, respectively, and included after-tax costs of \$60 million and \$48 million, respectively, related to the amortization of intangible assets, restructuring and related costs, non-service retirement-related costs and other discrete adjustments, resulting in adjusted¹ net income from continuing operations attributable to Xerox of \$236 million and \$223 million, respectively. The increase in net income from continuing operations attributable to Xerox and adjusted¹ net income for the three months ended September 30, 2017 as compared to the prior year period were primarily due to costs savings from our Strategic Transformation program as well as, lower interest expense and a gain from the sale of a research facility, which are both included in Other expenses, net, and lower income taxes. These increases were partially offset by lower revenues and Equity in net income of unconsolidated affiliates as well as the impact of negative transaction currency.

Net income from continuing operations attributable to Xerox for the nine months ended September 30, 2017 and 2016 was \$388 million and \$437 million, respectively, and included after-tax costs of \$253 million and \$226 million, respectively, related to the amortization of intangible assets, restructuring and related costs and non-service retirement-related costs other discrete adjustments, resulting in adjusted¹ net income from continuing operations attributable to Xerox of \$641 million and \$663 million, respectively. The decrease in net income from continuing operations attributable to Xerox and adjusted¹ net income for the nine months ended September 30, 2017 were primarily due to lower revenues partially offset by costs savings from our Strategic Transformation program as well as, lower interest expense and a gain from the sale of a research facility, which are both included in Other expenses, net. The decrease in net income from continuing operations attributable to Xerox was also impacted by higher restructuring and related costs and non-service retirement-related costs partially offset by lower income taxes, which were higher on an adjusted basis.

Operating cash flow from continuing operations for the nine months ended September 30, 2017 was \$150 million, as compared to \$556 million for the prior year period. The decrease is primarily due to higher pension contributions of \$615 million, which reflects an incremental \$500 million contribution to our U.S. defined benefit pension plans and higher restructuring payments, partially offset by working capital³ improvements, increased cash flows from the run-off of finance assets and lower income tax payments. The \$500 million incremental pension contribution was funded through a \$1.0 billion Senior Note offering during the third quarter 2017. Cash used in investing activities from continuing operations for the nine months ended September 30, 2017 was \$116 million and included capital expenditures of \$70 million and \$76 million for acquisitions that were partly offset by proceeds of \$20 million from the sale of a research facility. Cash used in financing activities of \$430 million for the nine months ended September 30, 2017 primarily reflects payments of \$1.0 billion on Senior Notes, net payments of \$326 million on the tender and exchange of certain Senior Notes, and dividend payments of \$223 million partly offset by proceeds from the issuance of \$1.0 billion of Senior Notes in third quarter 2017 and \$161 million from the final cash adjustment with Conduent.

2017 Outlook

We continue to expect total revenues to decline for 2017 in the mid-single digits range, excluding the impact of currency, which at September 30, 2017 exchange rates, is expected to have a slightly negative to neutral impact on total revenues in 2017. However, we do continue to expect to see an improving trend in revenue for the balance of the year as we continue to realize the benefits from new product launches and other growth initiatives, which are expected to continue into the fourth quarter. Reported and adjusted¹ margins and earnings are expected to be in line with our full-year expectations.

During third quarter 2017, we updated our expectations for full year 2017 operating cash flows from continuing operations from a range of \$700 million to \$900 million to a range of \$(50) million to \$150 million. This update reflects the net impact of higher operating cash flows of \$100 million, which are expected to be more than offset by the incremental pension contributions of \$500 million, as well as the estimated one-time 2017 cash impact of approximately \$350 million from the termination of certain accounts receivable sales programs in the fourth quarter 2017. The additional pension funding will significantly reduce mandatory cash contributions to our U.S. plans in future years beginning 2018 and the termination of certain accounts receivable sales programs is not expected to impact cash flows in 2018.

We also reduced our expected capital expenditures, inclusive of internal use software, to approximately \$125 million from \$175 million, which is expected to be offset by a \$50 million increase in acquisitions.

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

(2) The difference between the aggregate revision to retained earnings and the \$90 million impact at March 31, 2017 is primarily due to currency and the impact of adjustments recorded directly by Xerox in the first quarter 2017.

(3) Working capital reflects Accounts receivable, Collections of deferred proceeds from sales of receivables, Inventory and Accounts payable and Accrued compensation

Financial Review

Revenues

(in millions)	Three Months Ended September 30,				Nine Months Ended September 30,				Nine Months Ended September 30,	
	2017	2016	% Change	CC % Change	2017	2016	% Change	CC % Change	% of Total Revenue 2017	% of Total Revenue 2016
Equipment sales	\$ 521	\$ 573	(9.1)%	(10.0)%	\$ 1,569	\$ 1,765	(11.1)%	(10.4)%	21%	22%
Post sale revenue	1,976	2,056	(3.9)%	(4.8)%	5,949	6,272	(5.1)%	(4.2)%	79%	78%
Total Revenue	\$ 2,497	\$ 2,629	(5.0)%	(5.9)%	\$ 7,518	\$ 8,037	(6.5)%	(5.6)%	100%	100%
Reconciliation to Condensed Consolidated Statements of Income:										
Sales	\$ 981	\$ 1,057	(7.2)%	(7.9)%	\$ 2,927	\$ 3,186	(8.1)%	(7.3)%		
Less: Supplies, paper and other sales	(460)	(484)	(5.0)%	(5.3)%	(1,358)	(1,421)	(4.4)%	(3.5)%		
Equipment sales⁽¹⁾	\$ 521	\$ 573	(9.1)%	(10.0)%	\$ 1,569	\$ 1,765	(11.1)%	(10.4)%		
Services, maintenance and rentals	\$ 1,443	\$ 1,489	(3.1)%	(4.2)%	\$ 4,368	\$ 4,603	(5.1)%	(4.1)%		
Add: Supplies, paper and other sales	460	484	(5.0)%	(5.3)%	1,358	1,421	(4.4)%	(3.5)%		
Add: Financing	73	83	(12.0)%	(12.9)%	223	248	(10.1)%	(9.2)%		
Post sale revenue⁽¹⁾	\$ 1,976	\$ 2,056	(3.9)%	(4.8)%	\$ 5,949	\$ 6,272	(5.1)%	(4.2)%		
North America	\$ 1,514	\$ 1,597	(5.2)%	(5.7)%	\$ 4,521	\$ 4,793	(5.7)%	(5.8)%	60%	60%
International	853	880	(3.1)%	(5.1)%	2,600	2,781	(6.5)%	(3.7)%	35%	34%
Other	130	152	(14.5)%	(14.5)%	397	463	(14.3)%	(14.3)%	5%	6%
Total Revenue⁽²⁾	\$ 2,497	\$ 2,629	(5.0)%	(5.9)%	\$ 7,518	\$ 8,037	(6.5)%	(5.6)%	100%	100%
Memo:										
Managed Document Services ⁽³⁾	\$ 853	\$ 835	2.2%	1.2%	\$ 2,506	\$ 2,558	(2.0)%	(0.8)%	33%	32%

CC - See "Currency Impact" section for a description of Constant Currency.

(1) Equipment sales revenue in 2016 has been revised to reclassify certain Global Imaging Systems IT-related equipment sales to other sales, which are included in Post sale revenue.

(2) Refer to the "Geographic Sales Channels and Product and Offerings Definitions" section.

(3) Excluding equipment revenue, Managed Document Services (MDS) was \$745 million and \$719 million, respectively, for the three months ended September 30, 2017 and 2016, representing an increase of 3.6% including a 1.0-percentage point favorable impact from currency. For the nine months ended September 30, 2017 and 2016, excluding equipment revenue, MDS was \$2,194 million and \$2,200 million, respectively, representing a decline of 0.3% including a 1.2-percentage point negative impact from currency.

Third quarter 2017 total revenues decreased 5.0% as compared to third quarter 2016, with a 0.9-percentage point favorable impact from currency. Third quarter 2017 total revenues reflect the following:

Post sale revenue decreased 3.9% as compared to third quarter 2016, with a 0.9-percentage point favorable impact from currency. Post sale revenue is comprised of the following:

- **Services, maintenance and rentals revenue** includes rental and maintenance revenue (including bundled supplies) as well as the post sale component of the document services revenue from our Managed Document Services (MDS) offerings, and revenues from our Communication and Marketing Solutions (CMS) offerings that transferred to Xerox from the BPO business upon Separation. These revenues declined 3.1%, with a 1.1-percentage point favorable impact from currency; the decline at constant currency¹ reflected lower signings and installs in prior periods and the continuing decline in page volumes.
- **Supplies, paper and other sales** includes unbundled supplies and other sales. These revenues declined 5.0%, with a 0.3-percentage point favorable impact from currency. The decline at constant currency¹ was driven by lower network integration solutions sales from our Global Imaging business, as well as reduced original equipment manufacturer (OEM) supplies and lower supplies demand consistent with declining equipment sales in prior periods.
- **Financing revenue** is generated from financed equipment sale transactions. The 12.0% decline in these revenues reflected a declining finance receivables balance due to lower equipment sales in prior periods and included a 0.9-percentage point favorable impact from currency.

Total revenues for the nine months ended September 30, 2017 decreased 6.5% as compared to the prior year period, with a 0.9-percentage point negative impact from currency. Year-to-date 2017 total revenues reflect the following:

Post sale revenue decreased 5.1% as compared to the prior year period, with a 0.9-percentage point negative impact from currency. Post sale revenue is comprised of the following:

- **Services, maintenance and rentals revenue** includes rental and maintenance revenue (including bundled supplies) as well as the post sale component of the document services revenue from our Managed Document Services (MDS) offerings, and revenues from our Communication and Marketing Solutions (CMS) offerings that transferred to Xerox from the BPO business upon Separation. These revenues declined 5.1%, with a 1.0-percentage point negative impact from currency; the decline at constant currency¹ reflected lower signings and installs in prior periods and the continuing decline in page volumes.
- **Supplies, paper and other sales** includes unbundled supplies and other sales. These revenues declined 4.4%, with a 0.9-percentage point negative impact from currency. The decline at constant currency¹ was driven by lower network integration solutions sales from our Global Imaging business, reduced original equipment manufacturer (OEM) supplies and lower supplies demand (both in U.S. and European channels) consistent with declining equipment sales in prior periods. The decline was partly offset by higher supplies sales from our Global Imaging business, as well as in developing markets.
- **Financing revenue** is generated from financed equipment sale transactions. The 10.1% decline in these revenues reflected a declining finance receivables balance due to lower equipment sales in prior periods and included a 0.9-percentage point negative impact from currency.

Equipment Sales Revenue

(in millions)	Three Months Ended September 30,				Nine Months Ended September 30,				Nine Months Ended September 30,	
	2017	2016	% Change	CC % Change	2017	2016	% Change	CC % Change	% of Total Revenue 2017	% of Total Revenue 2016
Entry	\$ 86	\$ 97	(11.3)%	(12.7)%	\$ 266	\$ 293	(9.2)%	(8.9)%	17%	17%
Mid-range	334	362	(7.7)%	(8.5)%	993	1,124	(11.7)%	(10.9)%	64%	64%
High-end	97	108	(10.2)%	(11.8)%	296	333	(11.1)%	(10.2)%	19%	19%
Other	4	6	NM	NM	14	15	NM	NM	NM	NM
Equipment sales⁽¹⁾	\$ 521	\$ 573	(9.1)%	(10.0)%	\$ 1,569	\$ 1,765	(11.1)%	(10.4)%	100%	100%

CC - See "Currency Impact" section for a description of Constant Currency.

(1) Equipment sales revenue in 2016 has been revised to reclassify certain Global Imaging Systems IT-related equipment sales to other sales, which are included in Post sale revenue.

Equipment sales revenue for the three months ended September 30, 2017 decreased 9.1% as compared to third quarter 2016, with a 0.9-percentage point favorable impact from currency. Revenue decline was impacted by price declines of approximately 5% (which were in-line with our historic impact). The decline in mid-range sales reflected longer new product transition cycles that are characteristic of certain areas of the business as well as ongoing black-and-white revenue declines that reflected overall market decline trends; the decline in mid-range improved sequentially, led by Global Imaging, US channels and developing markets. The decline in high-end sales primarily reflected lower revenues from our black-and-white systems consistent with overall market decline trends, along with the impact of higher sales of iGen and Color Press in the prior year associated with the drupa trade show; these declines were only partially mitigated by higher sales of our continuous feed inkjet systems and demand for our recently launched Versant entry production color system. The decline in entry sales reflected an unfavorable mix caused by higher install activity associated with new ConnectKey products that are at the lower end of the portfolio, and a higher low-end printer mix in developing markets, as well as continued lower OEM activity.

Equipment sales revenue for the nine months ended September 30, 2017 decreased 11.1% as compared to the prior year period, with a 0.7-percentage point negative impact from currency. Revenue declined across all product areas and was impacted by price declines of approximately 5% (which were in-line with our historic impact). The decline in mid-range sales reflected in part the mid-year transition to our new product portfolio and lower revenue from color devices as well as lower revenues from black-and-white systems reflecting the overall market decline trends. The decline in high-end sales primarily reflected lower revenues from our black-and-white systems, consistent with overall market decline trends, along with the impact of higher sales of iGen and Color Press in the prior year associated with the drupa trade show; these declines were only partially mitigated by higher sales of our continuous feed inkjet color systems and the recently launched Versant products. High-end color sales also included lower digital front-end (DFE) sales to Fuji Xerox. The decline in entry sales reflected lower OEM activity, an

unfavorable mix caused by higher install activity associated with new ConnectKey products that are at the lower end of the portfolio, as well as low-end printers in developing markets.

Revenue Metrics

Total Installs

Install activity includes Managed Document Services and Xerox-branded products shipped to Global Imaging Systems. Detail by product group (see *Geographic Sales Channels and Product and Offerings Definitions*) is shown below:

Installs for the three months ended September 30, 2017:

Entry⁽¹⁾

- 23% increase in color multifunction devices, reflecting demand for recently launched products as well as the migration from printers to multifunction devices, consistent with market trends.
- 26% increase in black-and-white multifunction devices, driven largely by a higher activity for low-end printers in developing markets.

Mid-Range⁽²⁾

- Mid-range color installs were flat, reflecting demand for recently launched products including strong activity in developing markets, offset by the timing of large account sales in the prior year.
- 11% decrease in mid-range black-and-white, reflecting overall market decline as well as the impact of transitioning to the new product portfolio, partly offset by growth in developing markets.

High-End⁽²⁾

- 2% decrease in high-end color systems, as growth from continuous feed color and the recently launched Versant products was more than offset by higher iGen and Color Press installs in the prior year, following the drupa trade show.
- 32% decrease in high-end black-and-white systems reflects overall market decline and trends.

Installs for the nine months ended September 30, 2017:

Entry⁽¹⁾

- 20% increase in color multifunction devices, reflecting demand for recently launched products as well as the migration from printers to multifunction devices, consistent with market trends.
- 12% increase in black-and-white multifunction devices, driven largely by a higher activity for low-end printers in developing markets.

Mid-Range⁽²⁾

- 6% decrease in mid-range color installs, reflecting the transition to the new product portfolio, partly offset by growth in developing markets.
- 16% decrease in mid-range black-and-white, reflecting overall market decline as well as the impact of transitioning to the new product portfolio, partly offset by growth in developing markets.

High-End⁽²⁾

- 9% decrease in high-end color systems, as growth from continuous feed color and the recently launched Versant products was more than offset by higher iGen and Color Press installs in the prior year, following the drupa trade show.
- 31% decrease in high-end black-and-white systems reflecting overall market decline and trends.

Note: Descriptions of “Entry”, “Mid-Range” and “High-End” are defined below in the *Geographic Sales Channels and Product and Offerings Definitions* discussion.

Signings

Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Our reported signings mostly represent those from our Enterprise deals, as we do not currently include signings from our growing partner print services offerings or those from our Global Imaging Systems channel. Total Contract Value (TCV) is the estimated contractual revenue related to signed contracts; our signings expressed in TCV were as follows:

(in millions)	Three Months Ended September 30,		% Change	CC % Change	Nine Months Ended September 30,		% Change	CC % Change
	2017	2016			2017	2016		
Signings	\$ 606	\$ 663	(8.6)%	(6.7)%	\$ 1,760	\$ 1,929	(8.8)%	(7.0)%

Signings for the three months ended September 30, 2017 decreased 8.6% from third quarter 2016, with a 1.9-percentage point unfavorable impact from currency primarily reflecting a lower contribution from new business. Signings for the nine months ended September 30, 2017 decreased 8.8% from the prior year period with a 1.8-percentage point unfavorable impact from currency primarily reflecting a lower contribution from new business. On a trailing twelve month (TTM) basis, signings decreased 14.1% from the comparable prior year period, with a 3.4-percentage point unfavorable impact from currency.

New business TCV declined 14.2% from the third quarter 2016, with a 1.6-percentage point unfavorable impact from currency. New business TCV for the nine months ended September 30, 2017 decreased 21.0% from the prior year period, with a 1.8-percentage point unfavorable impact from currency. On a TTM basis, new business TCV decreased 28.2% from the comparable prior year period, with a 3.1-percentage point unfavorable impact from currency. This performance is the result of ongoing competitive pressure in the market as well as the timing of new products amplified by the longer sales cycles in this area of the business.

Renewal Rate

Renewal rate is defined as the annual recurring revenue (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. Third quarter 2017 contract renewal rate was 85%, an increase of 3-percentage points as compared to our full year 2016 renewal rate of 82%.

CC - See "Currency Impact" section for a description of Constant Currency.

Geographic Sales Channels and Product and Offerings Definitions

Our business is aligned to a geographic focus and is primarily organized on the basis of go-to-market sales channels, which are structured to serve a range of customers for our products and services:

- North America, which includes our sales channels in the U.S. and Canada.
- International, which includes our sales channels in Europe, Eurasia, Latin America, Middle East, Africa and India.
- Other primarily includes our OEM business, as well as sales to and royalties from Fuji Xerox, and our licensing revenue.

Our products and offerings include:

- "Entry", which includes A4 devices and desktop printers. Prices in this product group can range from approximately \$150 to \$3,000.
- "Mid-Range", which includes A3 Office and Light Production devices that generally serve workgroup environments in mid to large enterprises. Prices in this product group can range from approximately \$2,000 to \$75,000+.
- "High-End", which includes production printing and publishing systems that generally serve the graphic communications marketplace and large enterprises. Prices for these systems can range from approximately \$30,000 to \$1,000,000+.
- Managed Document Services (MDS) revenue, which includes solutions and services that span from managing print to automating processes to managing content. Our primary offerings within MDS are Managed Print Services (including from Global Imaging Systems), as well as workflow automation services, and Centralized Print Services and Solutions (CPS). MDS excludes Communications and Marketing Solutions (CMS).

(1) *Entry installations exclude OEM sales; including OEM sales, Entry color multifunction devices increased 3% and decreased 7%, respectively, for the three and nine months ended September 30, 2017. Entry black-and-white multifunction devices increased 15% and 5% for the three and nine months ended September 30, 2017, respectively.*

(2) *Mid-range and High-end color installations exclude Fuji Xerox digital front-end sales; including Fuji Xerox digital front-end sales, Mid-range color devices were flat for the three months ended September 30, 2017 and decreased 6% for the nine months ended September 30, 2017, while High-end color systems decreased 2% and 15%, respectively, for the three and nine months ended September 30, 2017.*

Costs, Expenses and Other Income

Summary of Key Financial Ratios

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

(in millions)	Three Months Ended September 30,					
	Reported			Adjusted ⁽¹⁾		
	2017	2016	B/(W)	2017	2016	B/(W)
Gross Profit	\$ 988	\$ 1,037	\$ (49)	\$ 1,003	\$ 1,050	\$ (47)
RD&E	108	118	10	103	111	8
SAG	648	664	16	631	650	19
Equipment Gross Margin	29.2%	31.9%	(2.7) pts.	N/A	N/A	N/A
Post sale Gross Margin	42.4%	41.5%	0.9 pts.	43.1%	42.1%	1.0 pts.
Total Gross Margin	39.6%	39.4%	0.2 pts.	40.2%	39.9%	0.3 pts.
RD&E as a % of Revenue	4.3%	4.5%	0.2 pts.	4.1%	4.2%	0.1 pts.
SAG as a % of Revenue	26.0%	25.3%	(0.7) pts.	25.3%	24.7%	(0.6) pts.
Pre-tax Income	\$ 167	\$ 166	\$ 1	N/A	N/A	N/A
Pre-tax Income Margin	6.7%	6.3%	0.4 pts.	N/A	N/A	N/A
Adjusted Operating Profit	N/A	N/A	N/A	305	331	(26)
Adjusted Operating Margin	N/A	N/A	N/A	12.2%	12.6%	(0.4) pts.
Memo:						
Non-service retirement-related costs	\$ 37	\$ 34	\$ (3)	N/A	N/A	N/A

(in millions)	Nine Months Ended September 30,					
	Reported			Adjusted ⁽¹⁾		
	2017	2016	B/(W)	2017	2016	B/(W)
Gross Profit	\$ 2,973	\$ 3,167	\$ (194)	\$ 3,025	\$ 3,209	\$ (184)
RD&E	332	363	31	315	342	27
SAG	1,955	2,056	101	1,888	2,007	119
Equipment Gross Margin	29.4%	30.8%	(1.4) pts.	N/A	N/A	N/A
Post sale Gross Margin	42.2%	41.8%	0.4 pts.	43.1%	42.5%	0.6 pts.
Total Gross Margin	39.5%	39.4%	0.1 pts.	40.2%	39.9%	0.3 pts.
RD&E as a % of Revenue	4.4%	4.5%	0.1 pts.	4.2%	4.3%	0.1 pts.
SAG as a % of Revenue	26.0%	25.6%	(0.4) pts.	25.1%	25.0%	(0.1) pts.
Pre-tax Income	\$ 344	\$ 389	\$ (45)	N/A	N/A	N/A
Pre-tax Income Margin	4.6%	4.8%	(0.2) pts.	N/A	N/A	N/A
Adjusted Operating Profit	N/A	N/A	N/A	921	963	(42)
Adjusted Operating Margin	N/A	N/A	N/A	12.3%	12.0%	0.3 pts.
Memo:						
Non-service retirement-related costs	\$ 136	\$ 112	\$ (24)	N/A	N/A	N/A

(1) See the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure. In fourth quarter 2016, we began to include Equity in net income of unconsolidated affiliates in the calculation of adjusted operating income and margin. Prior periods have been restated accordingly to conform to current year presentation.

Pre-tax Income Margin

Third quarter 2017 pre-tax income margin of 6.7% increased 0.4-percentage points as compared to third quarter 2016. The increase was primarily driven by lower Other expenses, net reflecting lower interest expense and a gain from the sale of a research facility. Costs and expense savings from strategic transformation also mitigated the impact of lower revenues and higher transaction currency, restructuring and non-service retirement-related costs.

Pre-tax income margin for the nine months ended September 30, 2017 of 4.6% declined 0.2-percentage points as compared to the prior year period primarily due to lower revenues which were only partially offset by savings from strategic transformation.

Additional analysis on changes in non-service retirement-related costs, restructuring and related costs, amortization of intangible assets and other expenses, net are included in subsequent sections.

Adjusted¹ Operating Margin

Third quarter 2017 adjusted¹ operating margin of 12.2% declined 0.4-percentage points as compared to third quarter 2016. Cost productivity and savings from strategic transformation were more than offset by revenue decline and adverse transaction currency of 0.6-percentage points. The decline is also partly driven by higher compensation and benefits expenses, as well as lower equity income from our Fuji Xerox joint venture.

Adjusted¹ operating margin for the nine months ended September 30, 2017 of 12.3% increased 0.3-percentage points as compared to the prior year period. The improvement was driven primarily by cost productivity and savings from strategic transformation, including restructuring savings that outpaced the rate of revenue decline. Those improvements were partly offset by adverse transaction currency of 0.9-percentage points, as well as lower equity income from our Fuji Xerox joint venture.

(1) Refer to the Operating Income/Margin reconciliation table in the "Non-GAAP Financial Measures" section.

Gross Margin

Third quarter 2017 gross margin of 39.6% increased by 0.2-percentage points compared to third quarter 2016. On an adjusted¹ basis, gross margin of 40.2% increased by 0.3-percentage points. This performance reflects cost savings from strategic transformation and cost productivity, partly offset by adverse transaction currency of 0.6-percentage points.

Gross margin for the nine months ended September 30, 2017 of 39.5% was 0.1-percentage points higher compared to the prior year period. On an adjusted¹ basis, gross margin of 40.2% increased by 0.3-percentage points. This performance reflects cost savings from strategic transformation and cost productivity, partly offset by adverse transaction currency of 0.9-percentage points.

Third quarter 2017 equipment gross margin of 29.2% decreased 2.7-percentage points as compared to third quarter 2016, as product cost productivity was more than offset by transaction currency.

Equipment gross margin for the nine months ended September 30, 2017 of 29.4% decreased 1.4-percentage points as compared to the prior year period, as product cost productivity was more than offset by transaction currency and an unfavorable mix towards entry sales.

Third quarter 2017 post sale gross margin of 42.4% increased 0.9-percentage points as compared to third quarter 2016. On an adjusted¹ basis, post sale gross margin of 43.1% improved 1.0-percentage point, as a result of cost savings from strategic transformation, including restructuring, which more than offset the pace of revenue decline and the impact of adverse transaction currency.

Post sale gross margin for the nine months ended September 30, 2017 of 42.2% improved 0.4-percentage points as compared to the prior year period. On an adjusted¹ basis, post sale gross margin of 43.1% improved 0.6-percentage points, as a result of cost savings from strategic transformation, including restructuring, which more than offset the pace of revenue decline and the impact of adverse transaction currency.

(1) Refer to the Key Financial Ratios reconciliation table in the "Non-GAAP Financial Measures" section.

Research, Development and Engineering Expenses (RD&E)

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Change	2017	2016	Change
R&D	\$ 88	\$ 96	\$ (8)	\$ 265	\$ 292	\$ (27)
Sustaining engineering	20	22	(2)	67	71	(4)
Total RD&E Expenses	\$ 108	\$ 118	\$ (10)	\$ 332	\$ 363	\$ (31)

Third quarter 2017 RD&E as a percentage of revenue of 4.3% decreased 0.2-percentage points from third quarter 2016. On an adjusted¹ basis, RD&E was 4.1% of revenue and decreased 0.1-percentage points as compared to third quarter 2016.

RD&E of \$108 million decreased by \$10 million compared to third quarter 2016. On an adjusted¹ basis, RD&E of \$103 million decreased by \$8 million; the reduction reflected savings from strategic transformation including restructuring savings and lower expenses as a result of the transfer of resources to Electronics for Imaging (EFI), a third-party print server supplier and the sale of our Xerox Research Centre Europe in Grenoble, France, which was mainly dedicated to support the discontinued BPO business.

RD&E as a percentage of revenue for the nine months ended September 30, 2017 of 4.4% decreased 0.1-percentage points from the prior year period. On an adjusted¹ basis, RD&E was 4.2% of revenue and decreased 0.1-percentage points as compared to the prior year period.

RD&E of \$332 million decreased by \$31 million compared to the prior year period. On an adjusted¹ basis, RD&E of \$315 million decreased by \$27 million; the reduction reflected savings from cost productivity and strategic transformation including restructuring savings and lower expenses as a result of the transfer of resources to Electronics for Imaging (EFI), a third-party print server supplier and the sale of our Xerox Research Centre Europe in Grenoble, France. We strategically coordinate our R&D investments with Fuji Xerox.

(1) Refer to the Key Financial Ratios reconciliation table in the "Non-GAAP Financial Measures" section.

Selling, Administrative and General Expenses (SAG)

SAG as a percentage of revenue of 26.0% increased by 0.7-percentage points from third quarter 2016. On an adjusted¹ basis, SAG was 25.3% of revenue and increased 0.6-percentage points, reflecting the impact of lower revenues that were partly mitigated by productivity and cost savings from strategic transformation, including restructuring savings.

SAG of \$648 million was \$16 million lower than third quarter 2016. On an adjusted¹ basis, SAG of \$631 million decreased \$19 million, including an approximate \$5 million unfavorable impact from currency; the reduction primarily reflected cost savings, including savings from restructuring, and lower incentives and marketing expenses consistent with lower revenues; these savings were partly offset by higher compensation and benefit expenses. Bad debt expense of \$8 million was \$5 million lower than third quarter 2016 and remained at less than one percent of receivables.

SAG as a percentage of revenue for the nine months ended September 30, 2017 of 26.0% increased by 0.4-percentage points from the prior year period. On an adjusted¹ basis, SAG was 25.1% of revenue and increased 0.1-percentage points, reflecting the impact of lower revenues that were partly mitigated by productivity and cost savings from strategic transformation, including restructuring savings.

SAG of \$1,955 million for the nine months ended September 30, 2017 was \$101 million lower than the prior year period. On an adjusted¹ basis, SAG of \$1,888 million decreased \$119 million, including an approximate \$20 million favorable impact from currency; the reduction primarily reflected cost savings, including savings from restructuring, as well as a decrease in selling expenses related to lower compensation and marketing expenses consistent with lower revenues; these savings were partly offset by higher incentive and benefit expenses. Bad debt expense for the nine months ended September 30, 2017 of \$30 million was \$5 million lower than the prior year period and remained at less than one percent of receivables.

(1) Refer to the Key Financial Ratios reconciliation table in the "Non-GAAP Financial Measures" section.

Non-Service Retirement-Related Costs

Non-service retirement-related costs increased \$3 million and \$24 million, respectively, for the three and nine months ended September 30, 2017 as compared to the respective prior year periods. Both period increases were primarily driven by higher losses from pension settlements in the U.S. Full year 2017 U.S. settlement losses are expected to be approximately \$150 million, which is an increase of approximately \$85 million as compared to 2016 but about \$50 million lower than the amount originally expected at the beginning of the year.

Restructuring and Related Costs

During third quarter 2017 we recorded net restructuring and asset impairment charges of \$35 million as well as \$1 million of additional costs primarily related to professional support services associated with the implementation of the Strategic Transformation program.

Third quarter 2017 net restructuring and asset impairment charges of \$35 million reflected \$40 million of severance costs related to headcount reductions of approximately 600 employees worldwide. Third quarter 2017 actions impacted several functional areas, with approximately 80% focused on SAG reductions and approximately 20% focused on gross margin improvements. These costs were partially offset by \$5 million of net reversals for changes

in estimated reserves from prior period initiatives.

During the nine months ended September 30, 2017, we recorded net restructuring and asset impairment charges of \$178 million as well as \$18 million of additional costs primarily related to professional support services associated with the implementation of the Strategic Transformation program.

Nine months ended September 30, 2017 net restructuring and asset impairment charges of \$178 million reflected \$200 million of severance costs related to headcount reductions of approximately 2,100 employees worldwide and \$3 million of lease cancellation costs partially offset by \$25 million of net reversals for changes in estimated reserves from prior period initiatives, primarily reflecting unanticipated attrition and other job changes prior to completion of the restructuring initiatives, as well as a \$5 million favorable adjustment on the early termination of the lease for our corporate airplane.

During third quarter 2016 restructuring and related costs were \$25 million which included net restructuring and asset impairment charges of \$13 million as well as \$12 million of additional costs primarily related to professional support services associated with the implementation of the Strategic Transformation program.

Third quarter 2016 net restructuring and asset impairment charges of \$13 million reflected \$18 million of severance costs related to headcount reductions of approximately 150 employees worldwide. Third quarter 2016 actions impacted several functional areas, with approximately 40% focused on gross margin improvements, approximately 50% on SAG reductions with the remainder focused on RD&E optimization. These costs were partially offset by \$5 million of net reversals for changes in estimated reserves from prior period initiatives.

During the nine months ended September 30, 2016, we recorded net restructuring and asset impairment charges of \$154 million as well as \$18 million of additional costs primarily related to professional support services associated with the implementation of the Strategic Transformation program.

Nine months ended September 30, 2016 net restructuring and asset impairment charges of \$154 million reflected \$167 million of severance costs related to headcount reductions of approximately 2,400 employees worldwide and \$2 million of lease cancellation costs partially offset by \$10 million of net reversals for changes in estimated reserves from prior period initiatives, as well as a gain of \$5 million from the sale of real estate impaired in prior periods.

The restructuring reserve balance as of September 30, 2017 for all programs was \$147 million, of which \$142 million is expected to be spent over the next twelve months.

We expect to incur additional restructuring and related costs of approximately \$30 million in fourth quarter 2017 for actions and initiatives that have not yet been finalized. For full-year 2017, we expect to incur restructuring and related costs of approximately \$225 million.

Refer to Note 10 - Restructuring Programs in the Condensed Consolidated Financial Statements for additional information regarding our restructuring programs.

Amortization of Intangible Assets

Amortization of intangible assets for the nine months ended September 30, 2017 of \$41 million was \$3 million lower compared to the prior year period.

Worldwide Employment

Worldwide employment was approximately 36,100 as of September 30, 2017 and decreased by approximately 1,500 from December 31, 2016. The reduction is primarily due to the impact of restructuring and productivity-related reductions partly offset by an increase of approximately 300 from acquisitions.

Other Expenses, Net

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Non-financing interest expense	\$ 29	\$ 42	\$ 89	\$ 138
Interest income	(2)	(2)	(6)	(5)
Gains on sales of businesses and assets	(13)	(3)	(14)	(20)
Currency losses, net	—	4	4	7
Loss on sales of accounts receivables	3	4	9	12
Loss on early extinguishment of debt	—	—	13	—
All other expenses, net	—	5	10	11
Other expenses, net	\$ 17	\$ 50	\$ 105	\$ 143

Non-Financing Interest Expense

Non-financing interest expense for the three and nine months ended September 30, 2017 decreased \$13 million and \$49 million, respectively, as compared to the prior year periods. When combined with financing interest expense (Cost of financing), total interest expense declined by \$12 million and \$47 million, respectively, from the prior year comparable periods. The decrease is primarily due to a lower debt balance reflecting the repayment of approximately \$1.3 billion of debt in the first quarter 2017 as well as repayment of approximately \$1.0 billion in 2016. The decrease was partly offset by the issuance of approximately \$1.0 billion of new debt in third quarter 2017, of which \$500 million of the proceeds was used for a voluntary pension contribution, while \$475 million of the proceeds was used in October for the early redemption of a portion of our outstanding debt due May 2018.

Refer to Note 11 - Debt in the Condensed Consolidated Financial Statements for additional information regarding 2017 debt activity including debt repayments following the Separation (Separation Debt Activity) in first quarter 2017 and the issuance of Senior Notes due 2023 in third quarter 2017.

Gains on Sales of Businesses and Assets

Gains on sales of businesses and assets for the nine months ended September 30, 2017 declined \$6 million as compared to the prior year period. The results for 2017 include a gain of \$13 million recorded on the sale of a research facility in Grenoble, France during the third quarter 2017, while the results for 2016 include a gain of \$17 million on the sale of surplus technology assets.

Loss on Early Extinguishment of Debt

During the first quarter of 2017, we recorded a \$13 million loss associated with the repayment of \$300 million in Senior Notes.

Refer to Note 11 - Debt in the Condensed Consolidated Financial Statements for additional information regarding the Debt Exchange.

Income Taxes

Third quarter 2017 effective tax rate was 10.8%. On an adjusted¹ basis, third quarter 2017 tax rate was 19.4%. Both rates were lower than the U.S. statutory tax rate primarily due to the redetermination of certain unrecognized tax positions upon conclusion of several audits. The adjusted¹ effective tax rate excludes the tax benefits associated with the following charges: restructuring and related costs, amortization of intangible assets and non-service retirement-related costs.

The effective tax rate for the nine months ended September 30, 2017 was 10.8% and on an adjusted¹ basis, the nine months ended September 30, 2017 effective tax rate was 24.5%. Both rates were lower than the U.S. statutory tax rate primarily due to foreign tax credits, the redetermination of certain unrecognized tax positions upon conclusion of several audits and the geographical mix of profits. The adjusted¹ effective tax rate excludes the tax benefits associated with the following charges: restructuring and related costs, amortization of intangible assets and non-service retirement-related costs.

Third quarter 2016 effective tax rate was 16.9%. On an adjusted¹ basis, third quarter 2016 tax rate was 23.0%. Both rates were lower than the U.S. statutory tax rate primarily due to foreign tax credits resulting from anticipated dividends from our foreign subsidiaries. The adjusted¹ effective tax rate excludes the tax benefits associated with the following charges: restructuring and related costs, amortization of intangible assets and non-service retirement-related costs.

The effective tax rate for the nine months ended September 30, 2016 was 11.3% and on an adjusted¹ basis, the nine months ended September 30, 2016 effective tax rate was 20.8%. Both rates were lower than the U.S. statutory tax rate primarily due to foreign tax credits resulting from anticipated dividend from our foreign subsidiaries, the redetermination of certain unrecognized tax positions upon conclusion of several audits and the geographical mix of profits. The adjusted¹ effective tax rate excludes the tax benefits associated with the following charges: restructuring and related costs, amortization of intangible assets and non-service retirement-related costs.

Xerox operations are widely dispersed. The statutory tax rate in most non-U.S. jurisdictions is lower than the combined U.S. and state tax rate. The amount of income subject to these lower foreign rates relative to the amount of U.S. income will impact our effective tax rate. However, no one country outside of the U.S. is a significant factor to our overall effective tax rate. Certain foreign income is subject to U.S. tax net of any available foreign tax credits. Our full year effective tax rate includes a benefit of approximately 12-percentage points from these non-U.S. operations, which reflects lower foreign tax credit benefits from prior year.

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. Excluding the effects of intangibles amortization, restructuring and related costs, non-service retirement-related costs and other discrete items, we anticipate that our adjusted¹ effective tax rate will be approximately 25% to 28% for full year 2017.

(1) Refer to the Effective Tax Rate reconciliation table in the "Non-GAAP Financial Measures" section.

Equity in Net Income of Unconsolidated Affiliates

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Total equity in net income of unconsolidated affiliates	\$ 30	\$ 40	\$ 90	\$ 100
Fuji Xerox after-tax restructuring and other costs included in equity income	6	2	9	3

Equity in net income of unconsolidated affiliates primarily reflects our 25% share of Fuji Xerox net income. For the three and nine months ended September 30, 2017 equity income decreased \$10 million, as compared to the prior year periods. Equity in net income of unconsolidated affiliates for the three and nine months ended September 30, 2017 included unfavorable translation currency and \$4 million and \$6 million, respectively, of higher year-over-year charges related to our share of Fuji Xerox after-tax restructuring and other costs. Other charges in third quarter 2017 represent audit and other fees associated with the independent investigation of Fuji Xerox's accounting practices.

We have revised Equity in net income of unconsolidated affiliates for all applicable prior periods presented throughout this document. Refer to Note 2 - Correction of Fuji Xerox Misstatement in Prior Period Financial Statements in the Condensed Consolidated Financial Statements, for additional information on this revision.

Net Income from Continuing Operations

Third quarter 2017 net income from continuing operations attributable to Xerox was \$176 million, or \$0.67 per diluted share. On an adjusted¹ basis, net income from continuing operations attributable to Xerox was \$236 million, or \$0.89 per diluted share. Third quarter 2017 adjustments to net income include the amortization of intangible assets, restructuring and related costs and non-service retirement-related costs.

Third quarter 2016 net income from continuing operations attributable to Xerox was \$175 million, or \$0.66 per diluted share. On an adjusted¹ basis, net income from continuing operations attributable to Xerox was \$223 million, or \$0.84 per diluted share. Third quarter 2016 adjustments to net income include the amortization of intangible assets, restructuring and related costs and non-service retirement-related costs.

Net income from continuing operations attributable to Xerox for the nine months ended September 30, 2017 was \$388 million, or \$1.47 per diluted share. On an adjusted¹ basis, net income from continuing operations attributable to Xerox was \$641 million, or \$2.44 per diluted share and reflects adjustments for the amortization of intangible assets, restructuring and related costs and non-service retirement-related costs as well as other discretely identified adjustments.

Net income from continuing operations attributable to Xerox for the nine months ended September 30, 2016 was \$437 million, or \$1.64 per diluted share. On an adjusted¹ basis, net income from continuing operations attributable to Xerox was \$663 million, or \$2.52 per diluted share and reflects adjustments for the amortization of intangible assets, restructuring and related costs and non-service retirement-related costs.

Refer to Note 17 - Earnings per Share in the Condensed Consolidated Financial Statements, for additional information regarding the calculation of basic and diluted earnings per share.

(1) Refer to the Net Income and EPS reconciliation table in the "Non-GAAP Financial Measures" section.

Discontinued Operations

As previously discussed, discontinued operations relate to our Business Process Outsourcing (BPO) business, which was separated effective December 31, 2016.

Refer to Note 5 - Divestitures in the Condensed Consolidated Financial Statements for additional information regarding discontinued operations.

Net Income

Third quarter 2017 net income attributable to Xerox was \$179 million, or \$0.68 per diluted share. Third quarter 2016 net income attributable to Xerox was \$183 million, or \$0.69 per diluted share.

Net income attributable to Xerox for the nine months ended September 30, 2017 was \$385 million, or \$1.46 per diluted share. Net income attributable to Xerox for the nine months ended September 30, 2016 was \$372 million, or \$1.38 per diluted share.

Other Comprehensive Income (Loss)

Third quarter 2017 Other comprehensive income attributable to Xerox was \$115 million as compared to a loss of \$45 million in third quarter 2016. The \$160 million increase is primarily due to a \$175 million change from net translation adjustment gains of \$154 million for the three months ended September 30, 2017 as compared to net losses of \$21 million in the prior year period. The gains in 2017 reflect the strengthening of our major foreign currencies against the U.S. Dollar as compared to a weakening in the prior year. Offsetting the increase from net translation adjustments were increased losses from changes in defined benefit plans of \$41 million for the three months ended September 30, 2017 as compared to \$15 million in the prior year period.

Other comprehensive income attributable to Xerox for the nine months ended September 30, 2017 was \$442 million as compared to \$4 million in the prior year period. The \$438 million increase is primarily due to a \$405 million increase in net translation adjustment gains of \$491 million for the nine months ended September 30, 2017, as compared to gains of \$86 million for the prior year period. The gains in 2017 reflect a strengthening of all of our major foreign currencies against the U.S. Dollar in the first half of 2017. The gains in 2016 were primarily due to a strengthening of the Brazilian Real, Japanese Yen, Euro and Canadian Dollar as compared to the U.S. Dollar, which were partially offset by a weaker Pound Sterling compared to the U.S. Dollar for the year-to-date 2016. The increase in Other comprehensive income also reflected a \$63 million year-over-year benefit due to lower net losses from changes in defined benefit plans of \$44 million during the nine months ended September 30, 2017 as compared to net losses of \$107 million in the prior year period. The benefit plan losses for the nine months ended September 30, 2017 were minimal as a decrease in discount rates and currency losses were offset by favorable asset returns. In comparison, benefit plan losses for the nine months ended September 30, 2016 were primarily due to losses from plan remeasurements resulting from a decrease in discount rates. Offsetting the increase in net translation adjustments and defined benefit plans was an increase in unrealized losses on our foreign currency derivative instruments of \$28 million reflecting net losses of \$4 million for the nine months ended September 30, 2017 as compared to net gains of \$24 million in the prior year period.

Refer to Note 12 - Financial Instruments in the Condensed Consolidated Financial Statements, for additional information regarding foreign currency derivatives, and Note 14 - Employee Benefit Plans in the Condensed Consolidated Financial Statements, for additional information regarding net changes in our defined benefit plans and related losses and gains.

Capital Resources and Liquidity

As of September 30, 2017 and December 31, 2016, total cash and cash equivalents were \$1,781 million and \$2,223 million, respectively. There were no borrowings under our Credit Facility or Commercial Paper Program at September 30, 2017 or December 31, 2016, respectively. The decrease in total cash and cash equivalents primarily reflects the repayment of \$1.0 billion of maturing Senior Notes and a repayment of \$300 million in Senior Notes as part of a tender and exchange transaction in first quarter 2017, as well as incremental voluntary contributions of \$500 million to our defined benefit pension plans, partly offset by proceeds from the issuance of \$1.0 billion of Senior Notes in third quarter 2017. The cash and cash equivalent balance at September 30, 2017 includes \$475 million which was used for the early redemption of the March 2018 Senior Notes (Refer to Note 11 - Debt in the Condensed Consolidated Financial Statements for additional information regarding 2017 debt activity).

Cash Flow Analysis

The following table summarizes our cash and cash equivalents:

(in millions)	Nine Months Ended September 30,		Change
	2017	2016	
Net cash provided by operating activities of continuing operations	\$ 150	\$ 556	\$ (406)
Net cash used in operating activities of discontinued operations	(97)	(34)	(63)
Net cash provided by operating activities	53	522	(469)
Net cash used in investing activities of continuing operations	(116)	(87)	(29)
Net cash used in investing activities of discontinued operations	—	(174)	174
Net cash used in investing activities	(116)	(261)	145
Net cash used in financing activities	(430)	(213)	(217)
Effect of exchange rate changes on cash and cash equivalents	51	9	42
Increase in cash of discontinued operations	—	(10)	10
(Decrease) increase in cash and cash equivalents	(442)	47	(489)
Cash and cash equivalents at beginning of period	2,223	1,228	995
Cash and Cash Equivalents at End of Period	\$ 1,781	\$ 1,275	\$ 506

Cash Flows from Operating Activities

Net cash provided by operating activities of continuing operations was \$150 million for the nine months ended September 30, 2017. The \$406 million decrease in operating cash from the prior year period was primarily due to the following:

- \$246 million increase in accounts payable and accrued compensation primarily related to the year-over-year timing of supplier and vendor payments.
- \$144 million increase due to higher net tax payments in prior year partially attributable to the separation of Conduent.
- \$64 million increase from finance receivables primarily related to a higher level of run-off due lower originations.
- \$49 million increase due to lower placements of equipment on operating leases reflecting decreased installs.
- \$615 million decrease primarily from voluntary contributions of \$635 million to domestic tax-qualified defined benefit plans in 2017.
- \$169 million decrease from the settlements of foreign currency derivative contracts associated with our Yen-denominated inventory purchases as well as other foreign currency denominated arrangements.
- \$86 million decrease from higher restructuring payments.
- \$83 million decrease from inventory primarily due to a lower volume of equipment and supplies sales and the impact of new product launches.
- \$35 million decrease from accounts receivable primarily due to a reduction in the benefit from the sales of receivables.

The \$635 million of voluntary contributions to our domestic tax-qualified defined benefit plans included an incremental \$500 million that was funded through a Senior Note offering in third quarter 2017. See Cash Flows from Financing Activities below as well as Note 11 - Debt in the Condensed Consolidated Financial Statements for additional information regarding the issuance of the Senior Notes. The additional pension funding will significantly reduce mandatory cash contributions to U.S. plans in future years beginning 2018 and is incremental to the \$350 million of global pension contributions originally planned in 2017.

Cash Flows from Investing Activities

Net cash used in investing activities of continuing operations was \$116 million for the nine months ended September 30, 2017. The \$29 million change from the prior year period was primarily due to the following:

- \$59 million decrease due to acquisitions.
- \$21 million decrease from lower proceeds from the sale of assets. Prior year included proceeds from the sale of surplus technology assets.
- \$29 million increase due to lower capital expenditures (including internal use software).
- \$20 million increase due to proceeds from the sale of the Xerox Research Centre in Grenoble, France in 2017.

Cash Flows from Financing Activities

Net cash used in financing activities was \$430 million for the nine months ended September 30, 2017. The \$217 million increase in the use of cash from the prior year period was primarily due to the following:

- \$377 million increase from net debt activity. 2017 reflects proceeds of \$1.0 billion on Senior Notes offset by payments of \$1.0 billion on Senior Notes, net payments of \$326 million on the tender and exchange of certain Senior Notes including transaction costs and deferred debt issuance costs of \$11 million. 2016 reflects net proceeds of \$1.0 billion from a Senior Unsecured Term Facility offset by payments of \$700 million on Senior Notes and \$250 million on Notes.
- \$161 million decrease reflecting the final cash adjustment with Conduent.

Debt and Customer Financing Activities

The following summarizes our debt:

(in millions)	September 30, 2017	December 31, 2016
Principal debt balance ⁽¹⁾	\$ 6,053	\$ 6,349
Net unamortized discount	(37)	(43)
Debt issuance costs	(34)	(21)
Fair value adjustments ⁽²⁾		
- terminated swaps	12	27
- current swaps	4	4
Total Debt	\$ 5,998	\$ 6,316

(1) Includes Notes Payable of \$5 million and \$4 million as of September 30, 2017 and December 31, 2016, respectively.

(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.

Finance Assets and Related Debt

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

(in millions)	September 30, 2017	December 31, 2016
Total finance receivables, net ⁽¹⁾	\$ 3,672	\$ 3,744
Equipment on operating leases, net	456	475
Total Finance Assets, net⁽²⁾	\$ 4,128	\$ 4,219

(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) The change from December 31, 2016 includes an increase of \$190 million due to currency.

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)	September 30, 2017	December 31, 2016
Finance receivables debt ⁽¹⁾	\$ 3,213	\$ 3,276
Equipment on operating leases debt	399	416
Financing debt	3,612	3,692
Core debt	2,386	2,624
Total Debt	\$ 5,998	\$ 6,316

(1) Finance receivables debt is the basis for our calculation of "Cost of financing" expense in the Condensed Consolidated Statements of Income.

Debt Activity

Refer to Note 11 - Debt in the Condensed Consolidated Financial Statements for additional information regarding 2017 debt activity including the Debt Exchange and debt repayments following the Separation (Separation Debt Activity) during first quarter 2017 and the issuance of Senior Notes due 2023 during third quarter 2017 as well as the October 2017 early redemption of \$475 million of the remaining \$740 million 6.35% Senior Notes due May 2018.

Credit Facility

Refer to Note 11 - Debt in the Condensed Consolidated Financial Statements for additional information regarding the amendment of our Credit Facility during third quarter 2017.

Sales of Accounts Receivable

In connection with the efforts of our Strategic Transformation Program to reduce costs and simplify our business processes, we have decided to terminate all accounts receivable sales arrangements in North America and most arrangements in Europe during the fourth quarter 2017. The termination of these programs will result in a one-time reduction of our original operating cash flow expectations for the full year 2017 of approximately \$350 million.

Refer to Note 6 - Accounts Receivable, Net in the Condensed Consolidated Financial Statements for additional information regarding our accounts receivable sales arrangements.

Liquidity and Financial Flexibility

We manage our worldwide liquidity using internal cash management practices, which are subject to (1) the statutes, regulations and practices of each of the local jurisdictions in which we operate, (2) the legal requirements of the agreements to which we are a party and (3) the policies and cooperation of the financial institutions we utilize to maintain and provide cash management services.

Our principal debt maturities are in line with historical and projected cash flows and are spread over the next five years as follows:

(in millions)	Amount
2017 Q4	\$ 7
2018	749
2019	968
2020	1,059
2021	1,068
2022 and thereafter	2,202
Total	\$ 6,053

Treasury Stock

There were no share repurchases through the third quarter of 2017 or through the date of our filing on October 30, 2017.

Financial Risk Management

We are exposed to market risk from changes in foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. These derivative financial instruments are utilized to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We enter into limited types of derivative contracts, including interest rate swap agreements, foreign currency spot, forward and swap contracts and net purchased foreign currency options to manage interest rate and foreign currency exposures. Our primary foreign currency market exposures include the Yen, Euro and Pound Sterling. The fair market values of all our derivative contracts change with fluctuations in interest rates and/or currency rates and are designed so that any changes in their values are offset by changes in the values of the underlying exposures. Derivative financial instruments are held solely as risk management tools and not for trading or speculative purposes.

We are required to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. As permitted, certain of these derivative contracts have been designated for hedge accounting treatment. Certain of our derivatives that do not qualify for hedge accounting are effective as economic hedges. These derivative contracts are likewise required to be recognized each period at fair value and therefore do result in some level of volatility. The level of volatility will vary with the type and amount of derivative hedges outstanding, as well as fluctuations in the currency and interest rate markets during the period. The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

By their nature, all derivative instruments involve, to varying degrees, elements of market and credit risk. The market risk associated with these instruments resulting from currency exchange and interest rate movements is expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. We do not believe there is significant risk of loss in the event of non-performance by the counterparties associated with these instruments because these transactions are executed with a diversified group of major financial institutions. Further, our policy is to deal with counterparties having a minimum investment grade or better credit rating. Credit risk is managed through the continuous monitoring of exposures to such counterparties.

The current market events have not required us to materially modify or change our financial risk management strategies with respect to our exposures to interest rate and foreign currency risk. Refer to Note 12 – Financial Instruments in the Condensed Consolidated Financial Statements for further discussion and information on our financial risk management strategies.

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 third quarter 2017 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 Earnings Measures

- Net income and Earnings per share (EPS)
- Effective tax rate
- Gross margin, RD&E and SAG (adjusted for non-service retirement-related costs only)

The above measures were 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.

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

Non-service retirement-related costs: Our defined benefit pension and retiree health costs include several elements impacted by changes in plan assets and obligations that are primarily driven by changes in the debt and equity markets as well as those that are predominantly legacy in nature and related to employees who are no longer providing current service to the company (e.g. retirees and ex-employees). These elements include (i) interest cost, (ii) expected return on plan assets, (iii) 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.

Other discrete, unusual or infrequent items: In addition, during the first quarter of 2017 we have also excluded the following additional items given the discrete, unusual or infrequent nature of the items and their impact on our results for the period: 1) a loss on early extinguishment of debt; and 2) a benefit from the remeasurement of a tax matter related to a previously adjusted item. We believe the exclusion of these items allows investors to better understand and analyze the results for the period as compared to prior periods and expected future trends in our business.

Adjusted Operating Income and Margin

We also calculate and utilize adjusted operating income and margin earnings measures by adjusting our pre-tax income and margin amounts. In addition to the costs and expenses noted as adjustments for our Adjusted Earnings measures, adjusted operating income and margin also exclude Other expenses, net. Other expenses, net is primarily comprised of non-financing interest expense and also includes certain other non-operating costs and expenses. We exclude these amounts in order to evaluate our current and past operating performance and to better

understand the expected future trends in our business. Adjusted operating income and margin also includes Equity in net income of unconsolidated affiliates. Equity in net income of unconsolidated affiliates primarily reflects our 25% share of Fuji Xerox net income. We include this amount in our measure of adjusted operating income and margin as Fuji Xerox is our primary intermediary to the Asia/Pacific market for distribution of Xerox branded products and services.

Constant Currency (CC)

Refer to "Currency Impact" for a discussion of this measure and its use in our analysis of revenue growth.

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:

(in millions; except per share amounts)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2017		2016		2017		2016	
	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS
Reported⁽¹⁾	\$ 176	\$ 0.67	\$ 175	\$ 0.66	\$ 388	\$ 1.47	\$ 437	\$ 1.64
Adjustments:								
Restructuring and related costs	36		25		196		172	
Amortization of intangible assets	12		14		41		44	
Non-service retirement-related costs	37		34		136		112	
Loss on extinguishment of debt	—		—		13		—	
Income tax on adjustments ⁽²⁾	(31)		(27)		(126)		(105)	
Remeasurement of unrecognized tax positions	—		—		(16)		—	
Restructuring and other charges - Fuji Xerox ⁽³⁾	6		2		9		3	
Adjusted	\$ 236	\$ 0.89	\$ 223	\$ 0.84	\$ 641	\$ 2.44	\$ 663	\$ 2.52
Dividends on preferred stock used in adjusted EPS calculation ⁽⁴⁾		\$ —		\$ 6		\$ —		\$ 18
Weighted average shares for adjusted EPS ⁽⁴⁾		263		256		263		256
Fully diluted shares at end of period ⁽⁵⁾		263						

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

(2) Refer to Effective Tax Rate reconciliation.

(3) Other charges in third quarter 2017 represent audit and other fees associated with the independent investigation of Fuji Xerox's accounting practice.

(4) 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 B convertible preferred stock, as applicable.

(5) Represents common shares outstanding at September 30, 2017 as well as share associated with our Series B convertible preferred stock plus potential dilutive common shares used for the calculation of diluted earnings per share for the third quarter 2017.

Effective Tax Rate reconciliation:

(in millions)	Three Months Ended September 30,					
	2017			2016		
	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported⁽¹⁾	\$ 167	\$ 18	10.8%	\$ 166	\$ 28	16.9%
Non-GAAP Adjustments ⁽²⁾	85	31		73	27	
Adjusted⁽³⁾	<u>\$ 252</u>	<u>\$ 49</u>	19.4%	<u>\$ 239</u>	<u>\$ 55</u>	23.0%

(in millions)	Nine Months Ended September 30,					
	2017			2016		
	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported⁽¹⁾	\$ 344	\$ 37	10.8%	\$ 389	\$ 44	11.3%
Non-GAAP Adjustments ⁽²⁾	386	126		328	105	
Remeasurement of unrecognized tax positions	—	16		—	—	
Adjusted⁽³⁾	<u>\$ 730</u>	<u>\$ 179</u>	24.5%	<u>\$ 717</u>	<u>\$ 149</u>	20.8%

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

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

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

Operating Income / Margin reconciliation:

(in millions)	Three Months Ended September 30,					
	2017			2016		
	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported⁽¹⁾	\$ 167	\$ 2,497	6.7%	\$ 166	\$ 2,629	6.3%
Adjustments:						
Restructuring and related costs	36			25		
Amortization of intangible assets	12			14		
Non-service retirement-related costs	37			34		
Equity in net income of unconsolidated affiliates	30			40		
Restructuring and other charges - Fuji Xerox ⁽²⁾	6			2		
Other expenses, net	17			50		
Adjusted	<u>\$ 305</u>	<u>\$ 2,497</u>	12.2%	<u>\$ 331</u>	<u>\$ 2,629</u>	12.6%

(in millions)	Nine Months Ended September 30,					
	2017			2016		
	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported⁽¹⁾	\$ 344	\$ 7,518	4.6%	\$ 389	\$ 8,037	4.8%
Adjustments:						
Restructuring and related costs	196			172		
Amortization of intangible assets	41			44		
Non-service retirement-related costs	136			112		
Equity in net income of unconsolidated affiliates	90			100		
Restructuring and other charges - Fuji Xerox ⁽²⁾	9			3		
Other expenses, net	105			143		
Adjusted	<u>\$ 921</u>	<u>\$ 7,518</u>	12.3%	<u>\$ 963</u>	<u>\$ 8,037</u>	12.0%

(1) Pre-Tax Income and revenue from continuing operations.

(2) Other charges in third quarter 2017 represent audit and other fees associated with the independent investigation of Fuji Xerox's accounting practices.

Key Financial Ratios reconciliation:

(in millions)	Three Months Ended September 30,					
	2017			2016		
	As Reported ⁽¹⁾	Non-service retirement-related costs	Adjusted	As Reported ⁽¹⁾	Non-service retirement-related costs	Adjusted
Total Revenue	\$ 2,497	\$ —	\$ 2,497	\$ 2,629	\$ —	\$ 2,629
Total Gross Profit	988	15	1,003	1,037	13	1,050
Post sale revenue	1,976	—	1,976	2,056	—	2,056
Post sale gross profit	837	15	852	853	13	866
RD&E	108	(5)	103	118	(7)	111
SAG	648	(17)	631	664	(14)	650
Total Gross Margin	39.6%		40.2%	39.4%		39.9%
Post sale Gross Margin	42.4%		43.1%	41.5%		42.1%
RD&E as a % of Revenue	4.3%		4.1%	4.5%		4.2%
SAG as a % of Revenue	26.0%		25.3%	25.3%		24.7%

(in millions)	Nine Months Ended September 30,					
	2017			2016		
	As Reported ⁽¹⁾	Non-service retirement-related costs	Adjusted	As Reported ⁽¹⁾	Non-service retirement-related costs	Adjusted
Total Revenue	\$ 7,518	\$ —	\$ 7,518	\$ 8,037	\$ —	\$ 8,037
Total Gross Profit	2,973	52	3,025	3,167	42	3,209
Post sale revenue	5,949	—	5,949	6,272	—	6,272
Post sale gross profit	2,513	52	2,565	2,624	42	2,666
RD&E	332	(17)	315	363	(21)	342
SAG	1,955	(67)	1,888	2,056	(49)	2,007
Total Gross Margin	39.5%		40.2%	39.4%		39.9%
Post sale Gross Margin	42.2%		43.1%	41.8%		42.5%
RD&E as a % of Revenue	4.4%		4.2%	4.5%		4.3%
SAG as a % of Revenue	26.0%		25.1%	25.6%		25.0%

(1) Revenue and costs from continuing operations.

Fuji Xerox Revision reconciliation:

(in millions)	Three Months Ended March 31, 2017			Year Ended December 31, 2016		
	As Reported ⁽¹⁾	Adjustment ⁽²⁾	As Adjusted	As Reported ⁽¹⁾	Adjustment	As Adjusted
Adjusted Net income	\$ 154	\$ 24	\$ 178	\$ 921	\$ 6	\$ 927
Adjusted Diluted earnings per share	0.58	0.09	0.67	3.50	0.03	3.53
Adjusted Operating profit ⁽²⁾	\$ 250	\$ 24	\$ 274	\$ 1,345	\$ 6	\$ 1,351
Adjusted Operating margin	10.2%		11.2%	12.5%		12.5%

(in millions)	Year Ended December 31, 2015			Year Ended December 31, 2014		
	As Reported ⁽¹⁾	Adjustment	As Adjusted	As Reported ⁽¹⁾	Adjustment	As Adjusted
Adjusted Net income	\$ 978	\$ (26)	\$ 952	\$ 1,148	\$ (18)	\$ 1,130
Adjusted Diluted earnings per share	3.55	(0.10)	3.45	3.83	(0.06)	3.77
Adjusted Operating profit ⁽²⁾	\$ 1,461	\$ (26)	\$ 1,435	\$ 1,688	\$ (18)	\$ 1,670
Adjusted Operating margin	12.7%		12.5%	13.3%		13.2%

(in millions)	Three Months Ended March 31, 2016			Three Months Ended June 30, 2016		
	As Reported ⁽¹⁾	Adjustment	As Adjusted	As Reported ⁽¹⁾	Adjustment	As Adjusted
Adjusted Net income	\$ 186	\$ (3)	\$ 183	\$ 253	\$ 4	\$ 257
Adjusted Diluted earnings per share	0.70	(0.01)	0.69	0.97	0.01	0.98
Adjusted Operating profit ⁽²⁾	\$ 274	\$ (3)	\$ 271	\$ 357	\$ 4	\$ 361
Adjusted Operating margin	10.5%		10.4%	12.8%		12.9%

(in millions)	Three Months Ended September 30, 2016			Three Months Ended December 31, 2016		
	As Reported ⁽¹⁾	Adjustment	As Adjusted	As Reported ⁽¹⁾	Adjustment	As Adjusted
Adjusted Net income	\$ 222	\$ 1	\$ 223	\$ 260	\$ 4	\$ 264
Adjusted Diluted earnings per share	0.84	—	0.84	0.99	0.01	1.00
Adjusted Operating profit ⁽²⁾	\$ 330	\$ 1	\$ 331	\$ 384	\$ 4	\$ 388
Adjusted Operating margin	12.6%		12.6%	14.0%		14.2%

(in millions)	Three Months Ended March 31, 2015			Three Months Ended June 30, 2015		
	As Reported ⁽¹⁾	Adjustment	As Adjusted	As Reported ⁽¹⁾	Adjustment	As Adjusted
Adjusted Net income	\$ 229	\$ (18)	\$ 211	\$ 225	\$ (4)	\$ 221
Adjusted Diluted earnings per share	0.79	(0.06)	0.73	0.80	(0.02)	0.78
Adjusted Operating profit ⁽²⁾	\$ 343	\$ (18)	\$ 325	\$ 353	\$ (4)	\$ 349
Adjusted Operating margin	12.2%		11.6%	12.1%		11.9%

(in millions)	Three Months Ended September 30, 2015			Three Months Ended December 31, 2015		
	As Reported ⁽¹⁾	Adjustment	As Adjusted	As Reported ⁽¹⁾	Adjustment	As Adjusted
Adjusted Net income	\$ 239	\$ —	\$ 239	\$ 285	\$ (4)	\$ 281
Adjusted Diluted earnings per share	0.88	—	0.88	1.09	(0.01)	1.08
Adjusted Operating profit ⁽²⁾	\$ 372	\$ —	\$ 372	\$ 393	\$ (4)	\$ 389
Adjusted Operating margin	13.4%		13.4%	13.3%		13.2%

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

(2) As Reported Adjusted Operating profit excludes Fuji Xerox restructuring charges. As Reported Adjusted Operating Profit for the three months ended March 31, 2017 also reflects the reversal of the \$30 million out-of-period adjustment recorded in the first quarter 2017.

(3) The difference between the \$30 million out-of-period adjustment recorded in first quarter 2017 and the revision adjustment of \$24 million, primarily relates to the additional adjustments subsequently identified as part of the IIC review.

Note: The sum of quarterly earnings per share may differ from the full-year amounts due to rounding, or in the case of diluted earnings per share, because securities that are anti-dilutive in certain quarters may not be anti-dilutive on a full-year basis.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the “Financial Risk Management” section of this Quarterly Report on Form 10-Q is hereby incorporated by reference in answer to this Item.

ITEM 4 — CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The company’s management evaluated, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms relating to Xerox Corporation, including our consolidated subsidiaries, and was accumulated and communicated to the company’s management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls

In connection with the evaluation required by paragraph (d) of Rule 13a-15 under the Exchange Act, there was no change identified in our internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information set forth under Note 18 – Contingencies and Litigation in the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q is incorporated by reference in answer to this Item.

ITEM 1A — RISK FACTORS

Reference is made to the Risk Factors set forth in Part I, Item 1A of our 2016 Annual Report. The Risk Factors remain applicable from our 2016 Annual Report.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Sales of Unregistered Securities during the Quarter ended September 30, 2017

During the quarter ended September 30, 2017, Registrant issued the following securities in transactions that were not registered under the Securities Act of 1933, as amended (the “Act”).

Semi-Annual Director Fees:

- a. Securities issued on July 14, 2017: Registrant issued 33,692 deferred stock units (DSUs), representing the right to receive shares of Common stock, par value \$1 per share, at a future date.
- b. No underwriters participated. The shares were issued to each of the non-employee Directors of Registrant: Gregory Q. Brown, Jonathan Christodoro, Joseph J. Echevarria, William Curt Hunter, Robert J. Keegan, Cheryl Gordon Krongard, Charles Prince, Ann N. Reese, Stephen H. Rusckowski and Sara Martinez Tucker.
- c. The DSUs were issued at a deemed purchase price of \$29.39 per DSU (aggregate price \$990,208), based upon the market value on the date of issuance, in payment of the semi-annual Director’s fees pursuant to Registrant’s 2004 Equity Compensation Plan for Non-Employee Directors.
- d. Exemption from registration under the Act was claimed based upon Section 4(2) as a sale by an issuer not involving a public offering.

Dividend Equivalent:

- a. Securities issued on July 31, 2017: Registrant issued 2,525 DSUs, representing the right to receive shares of Common stock, par value \$1 per share, at a future date.
- b. No underwriters participated. The shares were issued to each of the non-employee Directors of Registrant: Jonathan Christodoro, Joseph J. Echevarria, Richard J. Harrington, William Curt Hunter, Robert J. Keegan, Cheryl Gordon Krongard, Charles Prince, Ann N. Reese, Stephen H. Rusckowski and Sara Martinez Tucker.
- c. The DSUs were issued at a deemed purchase price of \$29.03 per DSU (aggregate price \$73,301), based upon the market value on the date of record, in payment of the dividend equivalents due to DSU holders pursuant to Registrant's 2004 Equity Compensation Plan for Non-Employee Directors.
- d. Exemption from registration under the Act was claimed based upon Section 4(2) as a sale by an issuer not involving a public offering.

(b) Issuer Purchases of Equity Securities during the Quarter ended September 30, 2017

Board Authorized Share Repurchases Programs:

There were no repurchases of Xerox Common Stock pursuant to Board authorized share repurchase programs during the third quarter 2017 or through the date of our filing on October 30, 2017.

Repurchases Related to Stock Compensation Programs⁽¹⁾:

	Total Number of Shares Purchased	Average Price Paid per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum That May Be Purchased under the Plans or Programs
July 1 through 31	224,984	\$ 28.74	n/a	n/a
August 1 through 31	6,146	32.46	n/a	n/a
September 1 through 30	—	—	n/a	n/a
Total	231,130			

(1) These repurchases are made under a provision in our restricted stock compensation programs for the indirect repurchase of shares through a net-settlement feature upon the vesting of shares in order to satisfy minimum statutory tax-withholding requirements.

(2) Exclusive of fees and costs.

ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 — MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 — OTHER INFORMATION

None.

ITEM 6 — EXHIBITS

- [3\(a\)](#) [Restated Certificate of Incorporation of Registrant filed with the Department of State of New York on February 21, 2013, as amended by the Certificates of Amendment of Certificate of Incorporation filed with the Department of State of the State of New York on December 23, 2016 and June 14, 2017.](#)
[Incorporated by reference to Exhibit 3\(a\) to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. See SEC File Number 001-04471.](#)
- [3\(b\)](#) [By-Laws of Registrant as amended through August 15, 2016.](#)
[Incorporated by reference to Exhibit 3\(b\) to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016. See SEC File Number 001-04471.](#)
- [4\(b\)](#) [Form of Amended and Restated Credit Agreement dated as of August 9, 2017 between Registrant and the Initial Lenders named therein, Citibank, N.A., as Administrative Agent, and Citigroup Global Markets, Inc., JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp., Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Joint Lead Arrangers and Joint Bookrunners.](#)
- [12](#) [Computation of Ratio of Earnings to Fixed Charges.](#)
- [31\(a\)](#) [Certification of CEO pursuant to Rule 13a-14\(a\) or Rule 15d-14\(a\).](#)
- [31\(b\)](#) [Certification of CFO pursuant to Rule 13a-14\(a\) or Rule 15d-14\(a\).](#)
- [32](#) [Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase.
- 101.INS XBRL Instance Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase.
- 101.SCH XBRL Taxonomy Extension Schema Linkbase.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

XEROX CORPORATION
(Registrant)

By: /s/ JOSEPH H. MANCINI, JR.

Joseph H. Mancini, Jr.
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: October 30, 2017

EXHIBIT INDEX

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<u>12</u>	<u>Computation of Ratio of Earnings to Fixed Charges.</u>
<u>31(a)</u>	<u>Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).</u>
<u>31(b)</u>	<u>Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).</u>
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101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
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101.SCH	XBRL Taxonomy Extension Schema Linkbase.

U.S. \$1,800,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of August 9, 2017

Among

XEROX CORPORATION
as Initial Borrower

and

THE INITIAL LENDERS NAMED HEREIN
as Initial Lenders

CITIBANK, N.A.
as Administrative Agent

JPMORGAN CHASE BANK, N.A.
as Syndication Agent

BANK OF AMERICA, N.A.
BNP PARIBAS
MIZUHO BANK, LTD.

and

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.
as Documentation Agents

and

CITIGROUP GLOBAL MARKETS INC.
JPMORGAN CHASE BANK, N.A.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
BNP PARIBAS SECURITIES CORP.
MIZUHO BANK, LTD.

and

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.
as Joint Lead Arrangers and Joint Bookrunners

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Exhibit D-2	Form of Opinion of General Counsel of the Company
Exhibit D-3	Form of Opinion of Counsel for Designated Subsidiary
Exhibit E -1	Form of Commitment Increase Opinion of Counsel for the Company
Exhibit E -2	Form of Commitment Increase Opinion of General Counsel of the Company
Exhibit F	Form of Designation Agreement

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of August 9, 2017

XEROX CORPORATION, a New York corporation (the “Company” or the “Initial Borrower”), the banks, financial institutions and other institutional lenders (the “Initial Lenders”) and issuers of letters of credit (“Initial Issuing Banks”) listed on Schedule I hereto, CITIBANK, N.A. (“Citibank”), as administrative agent (the “Agent”) for the Lenders (as hereinafter defined), JPMORGAN CHASE BANK, N.A. (“JPMorgan”), as syndication agent, BANK OF AMERICA, N.A., BNP PARIBAS, MIZUHO BANK, LTD. (“Mizuho”) and THE BANK OF TOKYO MITSUBISHI UFJ, LTD., a member of MUFG, a global financial group (“MUFG”), as documentation agents, and CITIGROUP GLOBAL MARKETS INC., JPMorgan, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (or any of its designated affiliates), BNP PARIBAS SECURITIES CORP., Mizuho and MUFG, as Joint Lead Arrangers and Joint Bookrunners, agree as follows:

PRELIMINARY STATEMENT. The Company, the lenders parties thereto and Citibank, as agent, are parties to the Credit Agreement dated as of March 18, 2014, as amended (the “Existing Credit Agreement”). Subject to the satisfaction of the conditions set forth in Section 3.01, the Company, the parties hereto and Citibank, as Agent, desire to amend and restate the Existing Credit Agreement as herein set forth.

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Agent.

“Advance” means an advance by a Lender to any Borrower as part of a Borrowing and refers to a Base Rate Advance or a Eurocurrency Rate Advance (each of which shall be a “Type” of Advance).

“Affiliate” means, as to any Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person or is a director of such Person.

“Agent Parties” has the meaning specified in Section 9.02(d)(ii).

“Agent’s Account” means (a) in the case of Advances denominated in Dollars, the account of the Agent maintained by the Agent at Citibank at its office at 1615 Brett Road, Building #3, New Castle, Delaware 19720, Account No. 36852248, Attention: Bank Loan Syndications, (b) in the case of Advances denominated in any Committed Currency, the account of the Sub-Agent designated in writing from time to time by the Agent to the Company and the Lenders for such purpose and (c) in any such case, such other account of the Agent as is designated in writing from time to time by the Agent to the Company and the Lenders for such purpose.

“Amendment and Restatement” has the meaning specified in Section 3.01.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Company or its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Lending Office” means, with respect to each Lender, such Lender’s Domestic Lending Office in the case of a Base Rate Advance and such Lender’s Eurocurrency Lending Office in the case of a Eurocurrency Rate Advance.

“Applicable Margin” means, as of any date from and after the Restatement Date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's/Fitch	Applicable Margin for Eurocurrency Rate Advances	Applicable Margin for Base Rate Advances
<u>Level 1</u> BBB+/Baa1/BBB+ or better	1.000%	0.000%
<u>Level 2</u> BBB/Baa2/BBB	1.100%	0.100%
<u>Level 3</u> BBB-/Baa3/BBB-	1.175%	0.175%
<u>Level 4</u> BB+/Ba1/BB+	1.375%	0.375%
<u>Level 5</u> BB/Ba2/BB or below	1.700%	0.700%

“Applicable Percentage” means, as of any date from and after the Restatement Date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's/Fitch	Applicable Percentage
<u>Level 1</u> BBB+/Baa1/BBB+ or better	0.125%
<u>Level 2</u> BBB/Baa2/BBB	0.150%
<u>Level 3</u> BBB-/Baa3/BBB-	0.200%
<u>Level 4</u> BB+/Ba1/BB+	0.250%
<u>Level 5</u> BB/Ba2/BB or below	0.300%

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

“Assuming Lender” has the meaning specified in Section 2.18(d).

“Assumption Agreement” has the meaning specified in Section 2.18(d)(ii).

“Available Amount” of any Letter of Credit issued by an Issuing Bank means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bankruptcy Law” means any proceeding of the type referred to in Section 6.01(e) or Title 11, U.S. Code, or any similar foreign, federal or state law for the relief of debtors.

“Base Rate” means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the highest of:

- (a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank’s base rate (the “Prime Rate”);
- (b) ½ of 1% above the Federal Funds Rate; and
- (c) the Eurocurrency Rate for Dollars for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the Eurocurrency Rate for any day shall be based on the rate appearing on the Reuters Screen LIBOR01 Page (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day; provided that if the Eurocurrency Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Rate or the Eurocurrency Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Rate or the Eurocurrency Rate, respectively.

“Base Rate Advance” means an Advance denominated in Dollars that bears interest as provided in Section 2.07(a)(i).

“Borrowers” means, collectively, the Initial Borrower and the Designated Subsidiaries from time to time.

“Borrowing” means a borrowing consisting of simultaneous Advances of the same Type made by each of the Lenders.

“Borrowing Minimum” means, in respect of Advances denominated in Dollars, \$10,000,000, in respect of Advances denominated in Sterling, £5,000,000, in respect of Advances denominated in Yen, ¥1,000,000,000, in respect of Advances denominated in Canadian Dollars, Cdn\$5,000,000 and, in respect of Advances denominated in Euros, €5,000,000.

“Borrowing Multiple” means, in respect of Advances denominated in Dollars, \$1,000,000, in respect of Advances denominated in Sterling, £1,000,000, in respect of Advances denominated in Yen, ¥100,000,000, in respect of Advances denominated in Canadian Dollars, Cdn\$1,000,000 and, in respect of Advances denominated in Euros, €1,000,000.

“Business Day” means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurocurrency Rate Advances, on which dealings are carried on in the London interbank market and banks are open for business in London and in the country of issue of the currency of such Eurocurrency Rate Advance (or, in the case of an Advance denominated in Euro, on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open).

“Cash Collateralize” means, in respect of an obligation, to provide and pledge (as a first priority perfected security interest) cash collateral in Dollars, at a location and pursuant to documentation in form and substance satisfactory to the Agent and each Issuing Bank (and “Cash Collateralization” has a corresponding meaning).

“CDOR Rate” shall mean the rate per annum, equal to the average of the annual yield rates applicable to Canadian banker’s acceptances at or about 10:00 a.m. (Toronto, Canada time) on the first day of such Interest Period on the Reuters Screen CDOR Page (or any successor page or other relevant Reuters Screen page) for a term equivalent to such Interest Period (or if such Interest Period is not equal to a number of months, for a term equivalent to the number of months closest to such Interest Period).

“Citibank” means Citibank, N.A.

“Commitment” means a Revolving Credit Commitment or a Letter of Credit Commitment.

“Commitment Date” has the meaning specified in Section 2.18(b).

“Commitment Increase” has the meaning specified in Section 2.18(a).

“Committed Currencies” means lawful currency of the United Kingdom of Great Britain and Northern Ireland, lawful currency of Japan, lawful currency of Canada and Euros.

“Communications” has the meaning specified in Section 9.02(d)(ii).

“Company Information” has the meaning specified in Section 9.08.

“Conduent” means Conduent Incorporated, a New York corporation.

“Conduent Debt” means any and all Debt incurred by Conduent, XBS and/or any of their respective Subsidiaries on or prior to or in connection with the Conduent Spin Off, as amended, restated, modified, increased, renewed, refunded, replaced or refinanced in whole or in part from time to time.

“Conduent Spin Off” means the distribution, on a pro rata basis, by the Company to the Company’s shareholders of an amount of shares representing control (as defined in Section 368(c) of the Internal Revenue Code) of Conduent, together with the other transactions consummated in connection therewith, in each case as described in the Form 10 initially filed by Conduent with the SEC on June 30, 2016, as the same may be amended, supplemented, replaced by a similar filing or otherwise modified from time to time.

“Consenting Lender” has the meaning specified in Section 2.19(b).

“Consolidated” refers to the consolidation of accounts in accordance with GAAP.

“Consolidated EBITDA” means, for any period, net income (or net loss) (before discontinued operations) plus the sum of (a) Consolidated Interest Expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense, and (e) any losses or expenses from any unusual, extraordinary or otherwise non-recurring items, including but not limited to (i) aggregate foreign exchange losses included in “other expense”, (ii) losses from minority interest and (iii) non-service retirement-related costs, and minus (x) Consolidated Interest Income and (y) the sum of the amounts for such period of any income tax benefits and any income or gains from any unusual, extraordinary or otherwise non-recurring items, including but not limited to (i) aggregate foreign exchange gains included in “other income” and (ii) income from minority interest; in each case determined on a Consolidated basis for the Company and its Subsidiaries and in the case of items (a) through (e) and items (x) and (y), to the extent such amounts were included in the calculation of net income. For the purposes of calculating Consolidated EBITDA for any period, if during such period the Company or any Subsidiary shall have made an acquisition or a disposition, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such acquisition or disposition, as the case may be, occurred on the first day of such period.

“Consolidated Interest Expense” means, for any period, for the Company and its Subsidiaries on a Consolidated basis, interest expense (including equipment financing interest) for such period, determined in accordance with GAAP; provided that for purposes of Section 5.03(b), Consolidated Interest Expense shall exclude all interest expense in respect of Conduent Debt.

“Consolidated Interest Income” means, for any period, for the Company and its Subsidiaries on a Consolidated basis, interest, fees and other income, arising from

investments in cash and cash equivalents, included in Consolidated net income for such period, determined in accordance with GAAP.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Convert”, “Conversion” and “Converted” each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.08 or 2.09.

“Debt” of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement (other than under any such agreement which constitutes or creates an account payable in the ordinary course of business) with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances, letters of credit or similar bank guarantees (other than bankers’ acceptances, letters of credit or similar bank guarantees issued in support of trade), (g) all Debt of others referred to in clauses (a) through (f) above or clause (h) below (collectively, “Guaranteed Debt”) guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Guaranteed Debt or to advance or supply funds for the payment or purchase of such Guaranteed Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, with the primary intent and purpose of such Person being to enable the debtor to make payment of such Guaranteed Debt or to assure the holder of such Guaranteed Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered), with the primary intent and purpose of such Person being to enable the debtor to make payment of such Guaranteed Debt or to assure the holder of such Guaranteed Debt against loss, or (4) where the primary intent and purpose of such Person is to otherwise assure a creditor against loss (but, in each case, only to the extent so assured or guaranteed), and (h) all Debt referred to in clauses (a) through (g) above (including Guaranteed Debt) secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt.

“Debt for Borrowed Money” means all items that, in accordance with GAAP, would be classified as debt on the Company’s Consolidated balance sheet, provided, that notwithstanding the treatment thereof under GAAP, “Debt for Borrowed Money” shall exclude (without duplication) (a) any Preferred Stock outstanding on the Restatement Date, (b) any amount shown on such balance sheet in respect of any securities issued on or prior to the Restatement Date that are Qualified Equity Securities on such date of determination and (c) up to \$500,000,000 of debt incurred at any time prior to the first anniversary of this Agreement, the proceeds of which are used to reduce and/or fund pension liabilities of the Company and its Subsidiaries for purposes of Section 5.03(a) so long as such debt has a final maturity date that is later than the latest Termination Date.

“Default” means any Event of Default or any event that, unless cured or waived, would constitute an Event of Default but for the requirement hereunder that notice be given or time elapse or both.

“Default Interest” has the meaning specified in Section 2.07(b).

“Defaulting Lender” means at any time, subject to Section 2.20(d), (i) any Lender that has failed for two or more Business Days to comply with its obligations under this Agreement to make an Advance, make a payment to an Issuing Bank in respect of drawing under a Letter of Credit or make any other payment due hereunder (each, a “funding obligation”), unless such Lender has notified the Agent and the Company in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding has not been satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing), (ii) any Lender that has notified the Agent, the Company or an Issuing Bank in writing, or has stated publicly, that it does not intend to comply with its funding obligations hereunder, unless such writing or statement states that such position is based on such Lender’s determination that one or more conditions precedent to funding cannot be satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing or public statement), (iii) any Lender that has defaulted on its funding obligations under other loan agreements or credit agreements generally under which it has commitments to extend credit or that has notified, or whose Parent Company has notified, the Agent or the Company in writing, or has stated publicly, that it does not intend to comply with its funding obligations under loan agreements or credit agreements generally, (iv) any Lender that has, for three or more Business Days after written request of the Agent or the Company, failed to confirm in writing to the Agent and the Company that it will comply with its prospective funding obligations hereunder (provided that such Lender will cease to be a Defaulting Lender pursuant to this clause (iv) upon the Agent’s and the Company’s receipt of such written confirmation), or (v) any Lender with respect to which a Lender Insolvency Event has occurred and is continuing with respect to such Lender or its Parent Company; provided that a Lender Insolvency Event shall not be deemed to occur with respect to a Lender or its Parent Company solely as a result of the acquisition or maintenance of an ownership interest in such Lender or Parent Company by a governmental authority or instrumentality thereof where such action does not result in or provide such Lender with immunity from the jurisdiction of courts

within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such governmental authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Agent that a Lender is a Defaulting Lender under any of clauses (i) through (v) above will be conclusive and binding absent manifest error, and such Lender will be deemed to be a Defaulting Lender (subject to Section 2.20(d)) upon notification of such determination by the Agent to the Company, the Issuing Banks and the Lenders.

“Designated Subsidiary” means any direct or indirect Wholly-Owned Subsidiary of the Company designated for borrowing privileges under this Agreement pursuant to Section 9.09.

“Designation Agreement” means, with respect to any Designated Subsidiary, an agreement substantially in the form of Exhibit F hereto signed by such Designated Subsidiary and the Company.

“Disclosed Matter” shall mean the existence or occurrence of any matter which has been disclosed either in writing by the Company to the Agent and the Lenders or in any filing made with the SEC, in each case prior to the Restatement Date.

“Disqualified Equity Securities” means that portion of any Equity Interest (other than such Equity Interest that is solely redeemable, or at the election of the Company (not subject to any condition), may be redeemed, with Qualified Equity Securities) which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof on or prior to the latest Termination Date of any Lender.

“Dollars” and the “\$” sign each means lawful currency of the United States of America.

“Domestic Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Domestic Lending Office” in its Administrative Questionnaire, or such other office of such Lender as such Lender may from time to time specify to the Company and the Agent.

“Domestic Subsidiary” means a Subsidiary of the Company organized under the laws of a jurisdiction inside the United States.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means December 16, 2011.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 9.07(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 9.07(b)(iii)).

“EMU Legislation” means the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

“Environmental Action” means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

“Environmental Law” means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial interpretation relating to pollution or protection of the environment or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

“Environmental Permit” means any permit, approval, identification number, license or other authorization required under any Environmental Law.

“Equity Interests” means (a) shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person or (b) any warrants, options or other rights to acquire such shares or interests.

“Equivalent” in Dollars of any Committed Currency, or in any Committed Currency of Dollars, on any date, means the applicable rate quoted as the Historical Currency Exchange Rate on the day immediately prior to such date of determination, as determined by OANDA Corporation and made available on its website at <http://www.oanda/convert/fxhistory> or as determined by an Issuing Bank, as applicable, through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date as of

which the foreign exchange computation is made; provided that if such rate is not available for any reason, the Agent may use any reasonable method it deems appropriate to determine such exchange rate, and such determination shall be conclusive absent manifest error.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” means any Person that for purposes of Title IV of ERISA is a member of the Company’s controlled group, or under common control with the Company, within the meaning of Section 414 of the Internal Revenue Code.

“ERISA Event” means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Company or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Company or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan; (g) a determination that any Plan is in “at risk” status (within the meaning of Section 303 of ERISA); or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Euro” means the lawful currency of the European Union as constituted by the Treaty of Rome which established the European Community, as such treaty may be amended from time to time and as referred to in the EMU Legislation.

“Eurocurrency Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Eurocurrency Lending Office” in its Administrative Questionnaire, or such other office of such Lender as such Lender may from time to time specify to the Company and the Agent.

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Eurocurrency Rate” means, for any Interest Period for each Eurocurrency Rate Advance comprising part of the same Borrowing (a) denominated in Dollars or any Committed Currency other than Canadian Dollars, an interest rate per annum equal to the rate per annum obtained by dividing (i) the rate per annum (rounded upward to the nearest whole multiple of 1/100 of 1% per annum) appearing on Reuters Screen LIBOR01 Page (or any successor page or other relevant Reuters Screen page) as the London interbank offered rate for deposits in Dollars or the applicable Committed Currency at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period by (ii) a percentage equal to 100% minus the Eurocurrency Rate Reserve Percentage for such Interest Period or (b) denominated in Canadian Dollars, an interest rate per annum equal to the rate per annum obtained by dividing (i) the CDOR Rate by (ii) a percentage equal to 100% minus the Eurocurrency Rate Reserve Percentage for such Interest Period; provided that if the Eurocurrency Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Eurocurrency Rate Advance” means an Advance denominated in Dollars or a Committed Currency that bears interest as provided in Section 2.07(a)(ii).

“Eurocurrency Rate Reserve Percentage” for any Interest Period for all Eurocurrency Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurocurrency Rate Advances is determined) having a term equal to such Interest Period.

“Events of Default” has the meaning specified in Section 6.01.

“Excluded Taxes” means, with respect to any Lender and the Agent, or any other recipient of a payment made by or on account of any obligation of any Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income or net profits (however denominated), or taxes imposed in lieu of such income or franchise taxes, by the United States, or by the jurisdiction under the laws of which such Lender, such Lender’s Applicable Lending Office or the Agent (as the case may be) is organized or any political subdivision thereof, (b) any branch profits taxes imposed by the United States or any similar tax or capital tax imposed by any other jurisdiction described in clause (a), (c) in the case of a Lender organized under the laws of a jurisdiction outside the United States, any withholding tax imposed on any such payment by the United States to the extent that it is determined on the basis of laws in effect and tax rates applicable to such Lender at the time such Lender becomes a party to this Agreement (or designates a new Applicable Lending

Office) or is attributable to such Lender's failure to comply with Section 2.14(e), except to the extent that such Lender, or its assignor, if any, was entitled, at the time of designation of a new Applicable Lending Office or assignment, as applicable, to receive additional amounts from any Borrower with respect to such withholding tax pursuant to Section 2.14(a) (it being understood and agreed, for the avoidance of doubt, that any withholding tax imposed on such a Lender as a result of a change in law or regulation or interpretation thereof occurring after the time such Lender became a party to this Agreement shall not be an Excluded Tax) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Credit Agreement" has the meaning specified in the Preliminary Statement.

"Extension Date" has the meaning specified in Section 2.19(b).

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it; provided that if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Finance SPE" means (a) any Receivables SPE and (b) any Subsidiary that (i) is a special purpose financing vehicle, (ii) was created solely for the purpose of facilitating the incurrences of Debt or issuances of Equity Interests by the Company or any Subsidiary, (iii) has no business other than the facilitation of such incurrence or issuance and activities incidental thereto and (iv) is capitalized with an amount not materially more than the cash proceeds received by such Finance SPE from such transaction, provided that such transaction does not constitute or create Debt secured by a Lien that is prohibited by Section 5.02(a).

"Financial Officer" means the chief financial officer or treasurer of the Company.

"Fiscal Quarter" means a fiscal quarter of the Company.

"Fitch" means Fitch, Inc.

"Foreign Jurisdiction" has the meaning specified in Section 2.14(g).

“Foreign Subsidiary” means a Subsidiary organized under the laws of a jurisdiction outside the United States.

“Fronting Exposure” means, at any time there is a Defaulting Lender and with respect to any Issuing Bank, such Defaulting Lender’s Ratable Share of the L/C Obligations with respect to Letters of Credit issued by such Issuing Bank, other than L/C Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

“Fuji Xerox” means Fuji Xerox Co., Limited.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“GAAP” has the meaning specified in Section 1.03.

“Guaranteed Obligations” has the meaning specified in Section 7.01.

“Guarantor” means any Domestic Subsidiary that has or is required to execute and deliver the guaranty described in Section 5.01(j) hereof.

“Guaranty” means the guaranty by the Company pursuant to Article VII hereof.

“Hazardous Materials” means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any applicable Environmental Law.

“Hedge Agreements” means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

“Increase Date” has the meaning specified in Section 2.18(a).

“Increasing Lender” has the meaning specified in Section 2.18(b).

“Indemnified Taxes” shall mean Taxes other than Excluded Taxes.

“Information Memorandum” means the information memorandum dated July 2017 used by the Agent in connection with the syndication of the Commitments.

“Initial GAAP” has the meaning specified in Section 1.03.

“Indemnified Costs” has the meaning specified in Section 8.05.

“Indemnified Party” has the meaning specified in Section 9.04(b).

“Interest Period” means, for each Eurocurrency Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurocurrency Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurocurrency Rate Advance and ending on the last day of the period selected by the Borrower requesting such Borrowing pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by such Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, or, subject to clause (c) below, nine or twelve months, as the applicable Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) the Borrowers may not select any Interest Period that ends after the Termination Date unless, after giving effect to any reduction of the Revolving Credit Commitments on such Termination Date, the aggregate principal amount of Base Rate Advances and of Eurocurrency Rate Advances having Interest Periods that end on or prior to such Termination Date shall be at least equal to the aggregate principal amount of Advances due and payable on or prior to such date;

(b) Interest Periods commencing on the same date for Eurocurrency Rate Advances comprising part of the same Borrowing shall be of the same duration;

(c) the Borrowers shall not be entitled to select an Interest Period having a duration of nine or twelve months unless, by 2:00 P.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, each Lender notifies the Agent that such Lender will be providing funding for such Borrowing with such Interest Period (the failure of any Lender to so respond by such time being deemed for all purposes of this Agreement as an objection by such Lender to the requested duration of such Interest Period); provided that, if any or all of the Lenders object to the requested duration of such Interest Period, the duration of the Interest Period for such Borrowing shall be one, two, three or six months, as specified by the Borrower requesting such Borrowing in the applicable Notice of Borrowing as the desired alternative to an Interest Period of nine or twelve months;

(d) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(e) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months

equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“IP Company” has the meaning specified in Section 5.02(f).

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“issuance” or “issue” with respect to any Letter of Credit means and includes the issuance, amendment, renewal or extension of such Letter of Credit.

“Issuing Bank” means an Initial Issuing Bank or any Eligible Assignee to which a portion of the Letter of Credit Commitment hereunder has been assigned pursuant to Section 9.07 or any other Lender that agrees with the Company that it shall be an Issuing Bank so long as such Eligible Assignee or Lender expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an Issuing Bank and notifies the Agent of its Letter of Credit Commitment, for so long as such Initial Issuing Bank, Eligible Assignee or Lender, as the case may be, shall have a Letter of Credit Commitment.

“L/C Cash Deposit Account” means an interest bearing cash deposit account to be established and maintained by the Agent, over which the Agent shall have sole dominion and control, upon terms as may be satisfactory to the Agent.

“L/C Obligations” means, as of any date, the aggregate Available Amount of outstanding Letters of Credit and Advances made by an Issuing Bank in accordance with Section 2.03(c) that have not been funded by the Lenders and, in the case of any Letters of Credit denominated in any Committed Currency, shall be the Equivalent in Dollars of such amount, determined as of the third Business Day prior to such date. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“L/C Related Documents” has the meaning specified in Section 2.06(b)(i).

“Lender Insolvency Event” means that (a) a Lender or its Parent Company is adjudicated as, or determined by any governmental authority having regulatory authority over such Person or its assets to be, insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (b) such Lender or its Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding,

or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for such Lender or its Parent Company, or such Lender or its Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment or (c) such Lender or its Parent Company has become the subject of a Bail-In Action.

“Lenders” means each Initial Lender, each Issuing Bank, each Assuming Lender that shall become a party hereto pursuant to Section 2.18 and each Person that shall become a party hereto pursuant to Section 9.07.

“Letter of Credit” has the meaning specified in Section 2.01(b).

“Letter of Credit Agreement” has the meaning specified in Section 2.03(a).

“Letter of Credit Commitment” means, with respect to each Issuing Bank, the obligation of such Issuing Bank to issue Letters of Credit for the account of the Borrowers and their specified Subsidiaries in (a) in the case of an Initial Issuing Bank, the Dollar amount set forth opposite the Issuing Bank’s name on Schedule I hereto under the caption “Letter of Credit Commitment” or (b) if such Initial Issuing Bank has entered into one or more Assignment and Assumptions and for each other Issuing Bank, the Dollar amount set forth for such Issuing Bank in the Register maintained by the Agent pursuant to Section 9.07(c) as such Issuing Bank’s “Letter of Credit Commitment”, in each case as such amount may be reduced prior to such time pursuant to Section 2.05.

“Letter of Credit Facility” means, at any time, an amount equal to the least of (a) the aggregate amount of the Issuing Banks’ Letter of Credit Commitments at such time, (b) \$250,000,000 and (c) the aggregate amount of the Revolving Credit Commitments, as such amount may be reduced at or prior to such time pursuant to Section 2.05.

“Lien” means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property, it being understood that a license or assignment of intellectual property not securing Debt, a lease or sublease of assets to another Person or the filing of a precautionary financing statement (or similar filing) in connection with an operating lease or consignment does not constitute a “Lien”.

“Material Adverse Change” means any material adverse change in the business, assets, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole, (b) the rights and remedies of the Agent or any Lender under this Agreement or any Note or (c) the ability of any Borrower to perform its monetary obligations under this Agreement or any Note.

“Material Subsidiary” means any Wholly-Owned Subsidiary of the Company that as of the end of the most recently completed Fiscal Quarter had Consolidated net worth of \$100,000,000 or more, provided, however, that any change in a Person’s status as a Material Subsidiary shall become effective as of the date of delivery of the financial statements for such Fiscal Quarter (or, in the case of the last Fiscal Quarter of a Fiscal Year, such Fiscal Year) pursuant to Section 5.01(i).

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“Multiple Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Company or any ERISA Affiliate and at least one Person other than the Company and the ERISA Affiliates or (b) was so maintained and in respect of which the Company or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

“Non-Approving Lender” has the meaning specified in Section 2.21(b).

“Non-Consenting Lender” has the meaning specified in Section 2.19(b).

“Non-Defaulting Lender” means, at any time, a Lender that is not a Defaulting Lender or a Potential Defaulting Lender.

“Note” means a promissory note of any Borrower payable to the order of any Lender, delivered pursuant to a request made under Section 2.16 in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of such Borrower to such Lender resulting from the Advances made by such Lender to such Borrower.

“Notice of Borrowing” has the meaning specified in Section 2.02(a).

“Notice of Issuance” has the meaning specified in Section 2.03(a).

“Other Taxes” has the meaning specified in Section 2.14(b).

“PARC” means Palo Alto Research Center, Incorporated, a Delaware corporation.

“Parent Company” means, with respect to a Lender, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Lender, or if such Lender does not have a bank holding company, then any corporation, association, partnership or other business entity owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

“Participant” has the meaning specified in Section 9.07(d).

“Participant Register” has the meaning specified in Section 9.07(d).

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001.

“Payment Office” means, for any Committed Currency, such office of Citibank as shall be from time to time selected by the Agent and notified by the Agent to the Company and the Lenders.

“PBGC” means the Pension Benefit Guaranty Corporation (or any successor).

“Permitted Liens” means: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as warehouseman’s, landlord’s, materialmen’s, mechanics’, carriers’, workmen’s and repairmen’s Liens and other similar Liens arising in the ordinary course of business; (c) pledges or deposits and other Liens arising or otherwise to secure obligations under workers’ compensation, unemployment insurance and other social security laws or regulations or similar legislation or to secure public or statutory obligations or to secure payments of workers’ compensation or unemployment insurance; (d) easements, rights of way and other encumbrances on title to real property that do not secure Debt; (e) deposits or other Liens to secure the performance of bids, contracts (other than for Debt), leases, statutory obligations, performance bonds and other obligations of a like nature incurred in the ordinary course of business, or to secure surety and appeal bonds and other obligations of a like nature; (f) liens arising from judgments or awards not otherwise constituting an Event of Default; (g) security given in the ordinary course of business consistent with past practice to any public utility or governmental authority or in favor of a prime contractor under a government contract in connection with the operation of the business, other than security for borrowed money; and (h) deposits securing letters of credit or similar instruments issued in support of any obligation referred to in clauses (a) through (g) above.

“Person” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

“Plan” means a Single Employer Plan or a Multiple Employer Plan.

“Platform” has the meaning specified in Section 9.02(d)(i).

“Post-Petition Interest” has the meaning specified in Section 7.05.

“Potential Defaulting Lender” means, at any time, a Lender (i) as to which an event of the kind referred to in the definition of “Lender Insolvency Event” has occurred and is continuing in respect of any Subsidiary of such Lender, (ii) as to which the Agent or any

Issuing Bank has in good faith determined and notified the Company and (in the case of an Issuing Bank) the Agent, that such Lender or its Parent Company or a Subsidiary thereof has notified the Agent, or has stated publicly, that it will not comply with its funding obligations under any other loan agreement or credit agreement or other similar/other financing agreement or (iii) that has, or whose Parent Company has, a non-investment grade rating from Moody's or S&P or another nationally recognized rating agency. Any determination that is made that a Lender is a Potential Defaulting Lender under any of clauses (i) through (iii) above will be made by the Agent or, in the case of clause (ii), an Issuing Bank, in its sole discretion acting in good faith. The Agent will promptly send to all parties hereto a copy of any notice to the Company provided for in this definition.

"Preferred Stock" of any Person shall mean capital stock or other ownership interests of or in such Person of any class or classes (however designated) that ranks prior, as to the payment of dividends and/or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of capital stock or other ownership interests of or in any other class of such person.

"Primary Currency" has the meaning specified in Section 9.12(c).

"Protesting Lender" has the meaning specified in Section 9.09(a).

"Public Debt Rating" means, as of any date, the rating that has been most recently announced by either S&P, Moody's or Fitch, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by the Company or, if any such rating agency shall have issued more than one such rating, the lowest such rating issued by such rating agency. For purposes of the foregoing, (a) if only one of S&P, Moody's and Fitch shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage shall be determined by reference to the available rating; (b) if none of S&P, Moody's or Fitch shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage will be set in accordance with Level 6 under the definition of "Applicable Margin" or "Applicable Percentage", as the case may be; (c) if only two of S&P, Moody's and Fitch shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage shall be determined by reference to the higher rating unless there is a split in such ratings of more than one level, in which case the level that is one level higher than the lower such ratings shall apply, (d) if all three have established ratings and the ratings established by S&P, Moody's and Fitch shall fall within two different levels, the Applicable Margin and the Applicable Percentage shall be based upon the rating assigned by two of such agencies, or if the ratings established by S&P, Moody's and Fitch shall fall within three different levels, the Applicable Margin and the Applicable Percentage shall be based upon the middle rating; (e) if any rating established by S&P, Moody's or Fitch shall be changed (other than as a result of a change in the basis of such rating or the rating system of such agency), such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change and ending on the date immediately preceding the effective date of the next such change; and (f) if S&P, Moody's or Fitch shall change the basis or system on which ratings are established, each reference

to the Public Debt Rating announced by S&P, Moody's or Fitch, as the case may be, shall refer to the then equivalent rating by S&P, Moody's or Fitch, as the case may be or, if there is no equivalent or such change would otherwise result in a change in the Applicable Margin or Applicable Percentage, the Company and the Lenders shall negotiate in good faith to amend this definition or the definitions of "Applicable Margin" or "Applicable Percentage" to reflect such changed rating system or ratings basis and, pending the effectiveness of any such amendment, the Applicable Margin and the Applicable Percentage shall be determined by reference to the ratings of the other rating agencies (or, if the circumstances referred to in this clause (f) shall affect all such agencies, the ratings most recently in effect prior to such changes).

"Qualified Equity Securities" means any Equity Interest that is not Disqualified Equity Securities.

"Qualified Receivables Transaction" means any transaction or arrangement or series of transactions or arrangements entered into by the Company or any of its Subsidiaries in order to monetize or otherwise finance, or as a result of which it may receive earlier than otherwise due amounts that will become receivable or be earned in the future in respect of, a discrete pool (which may be fixed or revolving) of Receivables, leases or other financial assets including financing contracts and any transaction or arrangement that is not a sale or transfer but pursuant to and by virtue of which a Person succeeds to, and becomes entitled to, the rights under or in respect of such Receivables, leases or other financial assets (in each case whether now existing or arising in the future), and which may include a Lien on (a) Receivables, (b) deposit or other accounts (and the funds or investments from time to time credited thereto) established in connection with a Qualified Receivables Transaction to secure obligations of the Company or any Subsidiary arising in connection with or otherwise related to such transaction, (c) any promissory note issued by the Company or any Subsidiary evidencing the repayment of amounts directly or indirectly distributed to the Company or any Subsidiary from any such accounts and (d) any assets of or Equity Interests in each and any Receivables SPE used to facilitate such transaction, provided that such transaction or arrangement does not constitute or create Debt secured by a Lien that is prohibited by Section 5.02(a).

"Ratable Share" of any amount means, with respect to any Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's Revolving Credit Commitment at such time (or, if the Revolving Credit Commitments shall have been terminated pursuant to Section 2.05 or 6.01, such Lender's Revolving Credit Commitment as in effect immediately prior to such termination) and the denominator of which is the aggregate amount of all Revolving Credit Commitments at such time (or, if the Revolving Credit Commitments shall have been terminated pursuant to Section 2.05 or 6.01, the aggregate amount of all Revolving Credit Commitments as in effect immediately prior to such termination).

"Receivables" means "accounts" (as such term is defined in the Uniform Commercial Code as in effect from time to time in the State of New York (or, if by reason of mandatory

provisions of law, the Uniform Commercial Code as in effect in a jurisdiction other than New York) or the Personal Property Security Act in effect in each of the provinces or territories in Canada (other than Quebec) to the extent applicable), including the proceeds of inventory to the extent it also constitutes an account), “claims” as such term is defined in the Civil Code of Quebec to the extent applicable, book debts and any other existing or hereafter arising accounts receivable, lease receivables, finance receivables, service receivables and supply receivables and any property or assets (including equipment, inventory, software, leases and servicing contracts) related thereto.

“Receivables SPE” means a Subsidiary that is a special purpose entity that (a) borrows against Receivables or purchases, leases or otherwise acquires Receivables or sells, disposes, assigns, leases, conveys or otherwise transfers Receivables to one or more third party purchasers or another Receivables SPE in connection with a Qualified Receivables Transaction or (b) engages in other activities that are necessary or desirable to effectuate the activities described in the definitions of Qualified Receivables Transaction or Third-Party Vendor Financing Program, or (c) is established or then used solely for the purpose of, and has no business other than, owning a Receivables SPE, servicing Receivables owned by a Receivables SPE, owning or holding title to the property or assets giving rise to such Receivables or any activities incidental thereto (including those described in the definitions of Qualified Receivables Transaction or Third-Party Vendor Financing Program).

“Register” has the meaning specified in Section 9.07(c).

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Removal Effective Date” has the meaning specified in Section 8.07.

“Required Lenders” means at any time Lenders owed at least a majority in interest of the then aggregate unpaid principal amount (based on the Equivalent in Dollars at such time) of the Advances owing to Lenders, or, if no such principal amount is then outstanding, Lenders having at least a majority in interest of the Revolving Credit Commitments; provided that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time the Revolving Credit Commitments of such Lender at such time.

“Resignation Effective Date” has the meaning specified in Section 8.07.

“Responsible Officers” means the chief executive officer, any Financial Officer, the controller and the general counsel of the Company.

“Restatement Date” has the meaning specified in Section 3.01.

“Revolving Credit Commitment” means as to any Lender (a) the Dollar amount set forth opposite such Lender’s name on Schedule I hereto as such Lender’s “Revolving Credit

Commitment”, (b) if such Lender has become a Lender hereunder pursuant to an Assumption Agreement, the Dollar amount set forth in such Assumption Agreement or (c) if such Lender has entered into an Assignment and Assumption, the Dollar amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.07(c), as such amount may be reduced pursuant to Section 2.05 or increased pursuant to Section 2.18. As of the Restatement Date, the aggregate amount of the Revolving Credit Commitments is \$1,800,000,000.

“S&P” means S&P Global Ratings, a Standard and Poor’s Financial Services LLC business.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom.

“Sanctioned Country” means, at any time, a country, region or territory which is the subject or target of any Sanctions.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

“SEC” means Securities and Exchange Commission.

“Single Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Company or any ERISA Affiliate and no Person other than the Company and the ERISA Affiliates or (b) was so maintained and in respect of which the Company or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

“Sub-Agent” means Citibank International plc.

“Subordinated Obligations” has the meaning specified in Section 7.05.

“Subsidiary” of any Person means any corporation, partnership, joint venture, limited liability company, or other business entity of which (or in which) (a) more than 50% of the issued and outstanding capital stock, securities or other ownership interests having ordinary voting power or (b) in the case of a partnership, more than 50% of the partnership interests, are, in each case, at the time directly or indirectly owned or Controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person’s other Subsidiaries.

“Taxes” means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto.

“Termination Date” means the earlier of (a) August 9, 2022 or, as to any Lender for which the Termination Date is extended pursuant to Section 2.19, the date to which the Termination Date is so extended, (b) the date of termination in whole of the Commitments pursuant to Section 2.05(a) or 6.01 or (c) as to any Lender who becomes a Defaulting Lender, the date of termination of such Defaulting Lender’s Commitments pursuant to Section 2.05(b); provided, however, that the Termination Date of any Lender that is a Non-Consenting Lender to any requested extension pursuant to Section 2.19 shall be the Termination Date in effect immediately prior to the applicable Extension Date for all purposes of this Agreement.

“Third-Party Vendor Financing Program” means each and any arrangement by the Company or any Subsidiary of third-party vendor financing directly or indirectly for customers of the Company and its Subsidiaries, including (a) the sale of a financing business, (b) sales, dispositions, assignments, leases, licenses, conveyances or other transfers of all or any portion of the business of, and assets relating to the business of, providing billing, collection and other services in respect of finance, lease and other Receivables, (c) Qualified Receivables Transactions and (d) other arrangements for the indirect financing of Receivables wherein a third-party financier makes loans to Subsidiaries that are Finance SPEs in respect of Receivables generated by the Company and its Subsidiaries, whether generated prior to or during such arrangements and whether the relevant transaction is treated as on or off the Company’s consolidated balance sheet.

“Unissued Letter of Credit Commitment” means, with respect to any Issuing Bank, the obligation of such Issuing Bank to issue Letters of Credit for the account of any Borrower or its specified Subsidiaries in an amount equal to the excess of (a) the amount of its Letter of Credit Commitment over (b) the aggregate Available Amount of all Letters of Credit issued by such Issuing Bank.

“Unused Commitment” means, with respect to each Lender at any time, (a) such Lender’s Revolving Credit Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Advances made by such Lender (in its capacity as a Lender) and outstanding at such time, plus (ii) such Lender’s Ratable Share of (A) the aggregate Available Amount of all the Letters of Credit outstanding at such time and (B) the aggregate principal amount of all Advances made by each Issuing Bank pursuant to Section 2.03(c) that have not been ratably funded by such Lender and outstanding at such time.

“Voting Stock” means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

“Wholly-Owned Subsidiary” means, at any time, any Subsidiary of the Company in which more than 80% (90% in the case of PARC) of the Equity is at such time directly or indirectly owned by the Company, provided, however, that “Wholly-Owned Subsidiary” shall not include any Finance SPE.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

“XBS” means Xerox Business Services, LLC, a Delaware limited liability company. XBS was a direct or indirect Subsidiary of Conduent immediately prior to the consummation of the Conduent Spin Off.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles as in effect in the United States from time to time (“GAAP”), provided that (a) if there is any change in GAAP from such principles applied in the preparation of the audited financial statements referred to in Section 4.01(e) (“Initial GAAP”), that is material in respect of the calculation of compliance with the covenants set forth in Section 5.03, the Company shall give prompt notice of such change to the Agent and the Lenders, (b) if the Company notifies the Agent that the Company requests an amendment of any provision hereof to eliminate the effect of any change in GAAP (or the application thereof) from Initial GAAP (or if the Agent or the Required Lenders request an amendment of any provision hereof for such purpose), regardless of whether such notice is given before or after such change in GAAP (or the application thereof), then such provision shall be applied on the basis of generally accepted accounting principles as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision is amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 133 and 159 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any Subsidiary at “fair value”, as defined therein.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND LETTERS OF CREDIT

SECTION 2.01. The Advances and Letters of Credit. (a) The Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Advances to any Borrower from time to time on any Business Day during the period from the Restatement Date until the Termination Date of such Lender in an amount (based in respect of any Advances to be denominated in a Committed Currency by reference to the Equivalent thereof in Dollars determined on the date of delivery of the applicable Notice of Borrowing) not to exceed such Lender's Unused Commitment. Each Borrowing shall be in an amount not less than the Borrowing Minimum or the Borrowing Multiple in excess thereof and shall consist of Advances of the same Type and in the same currency made on the same day by the Lenders ratably according to their respective Revolving Credit Commitments. Within the limits of each Lender's Revolving Credit Commitment, any Borrower may borrow under this Section 2.01(a), prepay pursuant to Section 2.10 and reborrow under this Section 2.01(a).

(b) Letters of Credit. Each Issuing Bank agrees, on the terms and conditions hereinafter set forth, in reliance upon the agreements of the other Lenders set forth in this Agreement, to issue letters of credit (each, a "Letter of Credit") denominated in Dollars or a Committed Currency for the account of any Borrower and its specified Subsidiaries from time to time on any Business Day during the period from the Restatement Date until 30 days before the Termination Date in an aggregate Available Amount (based in respect of any Letters of Credit to be denominated in a Committed Currency by reference to the Equivalent thereof in Dollars determined on the date of delivery of the applicable Notice of Issuance) (i) for all Letters of Credit issued hereunder not to exceed at any time the Letter of Credit Facility at such time and (ii) for all Letters of Credit issued by each Issuing Bank not to exceed at any time such Issuing Bank's Letter of Credit Commitment at such time and (iii) for each such Letter of Credit not to exceed an amount equal to the Unused Commitments of the Lenders at such time. No Letter of Credit shall have an expiration date (including all rights of the applicable Borrower or the beneficiary to require renewal) later than 10 Business Days before the Termination Date, provided that no Letter of Credit may expire after the Termination Date of any Non-Consenting Lender if, after giving effect to such issuance, the aggregate Revolving Credit Commitments of the Consenting Lenders (including any replacement Lenders) for the period following such Termination Date would be less than the Available Amount of the Letters of Credit expiring after such Termination Date. Within the limits referred to above, the Borrowers may from time to time request the issuance of Letters of Credit under this Section 2.01(b). Each letter of credit listed on Schedule 2.01(b) shall be deemed to constitute a Letter of Credit issued hereunder, and each Lender that is an issuer of such a Letter of Credit shall, for purposes of Section 2.03, be deemed to be an Issuing Bank for each such letter of credit, provided that any renewal or replacement of any such letter of credit shall be issued by an Issuing Bank pursuant to the terms of this Agreement.

SECTION 2.02. Making the Advances. (a) Except as otherwise provided in Section 2.03(c), each Borrowing shall be made on notice, given not later than (x) 12:00 noon (New York City time) on the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in Dollars, (y) 12:00 noon

(New York City time) on the fourth Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in any Committed Currency, or (z) 12:00 noon (New York City time) on the date of the proposed Borrowing in the case of a Borrowing consisting of Base Rate Advances, by any Borrower to the Agent (and, in the case of a Borrowing consisting of Eurocurrency Rate Advances, simultaneously to the Sub-Agent), which shall give to each Lender prompt notice thereof by telecopier or email. Each such notice of a Borrowing (a “Notice of Borrowing”) shall be by telephone, confirmed immediately in writing, or telecopier or email in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Borrowing, (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, and (iv) in the case of a Borrowing consisting of Eurocurrency Rate Advances, initial Interest Period and currency for each such Advance. Each Lender shall, before 1:00 P.M. (New York City time) on the date of such Borrowing, in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in Dollars, before 2:00 P.M. (New York City time) on the date of such Borrowing, in the case of a Borrowing consisting of Base Rate Advances, and before 9:00 A.M. (New York City time) on the date of such Borrowing, in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in any Committed Currency, make available for the account of its Applicable Lending Office to the Agent at the applicable Agent’s Account, in same day funds, such Lender’s ratable portion of such Borrowing. After the Agent’s receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower requesting the Borrowing at the Agent’s address referred to in Section 9.02 or at the applicable Payment Office, as the case may be.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrowers may not select Eurocurrency Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than the Borrowing Minimum or if the obligation of the Lenders to make Eurocurrency Rate Advances shall then be suspended pursuant to Section 2.08 or 2.12 and (ii) the Eurocurrency Rate Advances may not be outstanding as part of more than ten separate Borrowings.

(c) Each Notice of Borrowing shall be irrevocable and binding on the Borrower requesting the Borrowing. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurocurrency Rate Advances, such Borrower shall indemnify each Lender against any loss (excluding loss of anticipated profits), cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the time of any Borrowing that such Lender will not make available to the Agent such Lender’s ratable portion of such Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02, and the Agent may, in reliance upon such assumption, make available to the Borrower requesting the Borrowing on such date a corresponding amount. If and to the extent that such Lender shall

not have so made such ratable portion available to the Agent, such Lender and such Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Agent, at (i) in the case of such Borrower, the higher of (A) the interest rate applicable at the time to the Advances comprising such Borrowing and (B) the cost of funds incurred by the Agent in respect of such amount and (ii) in the case of such Lender, (A) the Federal Funds Rate in the case of Advances denominated in Dollars or (B) the cost of funds incurred by the Agent in respect of such amount in the case of Advances denominated in Committed Currencies. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 2.03. Issuance of and Drawings and Reimbursement Under Letters of Credit. (a) Request for Issuance. (i) Each Letter of Credit shall be issued upon notice, given not later than 11:00 A.M. (New York City time) on the fifth Business Day prior to the date of the proposed Issuance of such Letter of Credit (or on such shorter notice as the applicable Issuing Bank may agree), by any Borrower to any Issuing Bank, and such Issuing Bank shall give the Agent, prompt notice thereof. Each such notice by a Borrower of issuance of a Letter of Credit (a "Notice of Issuance") shall be by telecopier or email or by telephone, confirmed immediately in writing, specifying therein the requested (A) date of such issuance (which shall be a Business Day), (B) Available Amount of such Letter of Credit, (C) desired currency for such Letter of Credit, which shall be Dollars or a Committed Currency, (D) expiration date of such Letter of Credit, (E) name and address of the beneficiary of such Letter of Credit and (F) form of such Letter of Credit. Such Letter of Credit shall be issued pursuant to such application and agreement for letter of credit as such Issuing Bank and the applicable Borrower shall agree for use in connection with such requested Letter of Credit (a "Letter of Credit Agreement"). If the requested form of such Letter of Credit is acceptable to such Issuing Bank in its reasonable discretion (it being understood that any such form shall have only explicit documentary conditions to draw and shall not include discretionary conditions), and such Issuing Bank has not received written notice from any Lender, the Agent or the Company, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Section 3.03 shall not be satisfied, such Issuing Bank will, upon fulfillment of the applicable conditions set forth in Section 3.03, make such Letter of Credit available to the applicable Borrower at its office referred to in Section 9.02 or as otherwise agreed with such Borrower in connection with such Issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(b) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the

applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Ratable Share of the Available Amount of such Letter of Credit. Each Borrower hereby agrees to each such participation. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Agent, for the account of such Issuing Bank, such Lender's Ratable Share of each drawing made under a Letter of Credit funded by such Issuing Bank and not reimbursed by the applicable Borrower on the date made, or of any reimbursement payment required to be refunded to such Borrower for any reason, which amount will be advanced, and deemed to be an Advance to such Borrower hereunder, regardless of the satisfaction of the conditions set forth in Section 3.03. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender further acknowledges and agrees that its participation in each Letter of Credit will be automatically adjusted to reflect such Lender's Ratable Share of the Available Amount of such Letter of Credit at each time such Lender's Revolving Credit Commitment is amended pursuant to a Commitment Increase in accordance with Section 2.18, an assignment in accordance with Section 9.07 or otherwise pursuant to this Agreement.

(c) Drawing and Reimbursement. The payment by an Issuing Bank of a draft drawn under any Letter of Credit which is not reimbursed by the Borrower that requested such Letter of Credit on the date made shall constitute for all purposes of this Agreement the making by any such Issuing Bank of an Advance to such Borrower which, in the case of a Letter of Credit denominated in Dollars, shall be a Base Rate Advance in the amount of such draft, and, in the case of a Letter of Credit denominated in a Committed Currency, shall be a Base Rate Advance in an amount determined by reference to the Equivalent of such drawn amount in Dollars determined on the date of such drawing, without regard to whether the making of such an Advance would exceed such Issuing Bank's Unused Commitment. Each Issuing Bank shall give prompt notice of each drawing under any Letter of Credit issued by it to the applicable Borrower and the Agent. Upon written demand by such Issuing Bank, with a copy of such demand to the Agent and the applicable Borrower, each Lender shall pay to the Agent such Lender's Ratable Share of such outstanding Advance pursuant to Section 2.03(b). Each Lender acknowledges and agrees that its obligation to make Advances pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Promptly after receipt thereof, the Agent shall transfer such funds to such Issuing Bank. Each Lender agrees to fund its Ratable Share of an outstanding Advance on (i) the Business Day on which demand therefor is made by such Issuing Bank, provided that notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day, or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. If and to the extent that any Lender shall not have so made the amount of such Advance available to the Agent, such Lender agrees to pay

to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by any such Issuing Bank until the date such amount is paid to the Agent, at the Federal Funds Rate for its account or the account of such Issuing Bank, as applicable. If such Lender shall pay to the Agent such amount for the account of any such Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute an Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Advance made by such Issuing Bank shall be reduced by such amount on such Business Day.

(d) Letter of Credit Reports. Each Issuing Bank shall furnish (A) to the Agent and each Lender (with a copy to the Company) on the first Business Day of each month a written report summarizing issuance and expiration dates of Letters of Credit issued by such Issuing Bank during the preceding month and drawings during such month under all Letters of Credit and (B) to the Agent and each Lender (with a copy to the Company) on the first Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit issued by such Issuing Bank.

(e) Failure to Make Advances. The failure of any Lender to make the Advance to be made by it on the date specified in Section 2.03(c) shall not relieve any other Lender of its obligation hereunder to make its Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on such date.

(f) Applicability of ISP and UCP. Unless otherwise expressly agreed by the applicable Issuing Bank and the Company when a Letter of Credit is issued (including any such agreement applicable to a Letter of Credit listed on Schedule 2.01(b)), (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial Letter of Credit.

SECTION 2.04. Fees. (a) Facility Fee. The Company agrees to pay to the Agent for the account of each Lender a facility fee on the aggregate amount of such Lender's Revolving Credit Commitment from the Restatement Date in the case of each Initial Lender and from the effective date specified in the Assumption Agreement or in the Assignment and Assumption pursuant to which it became a Lender in the case of each other Lender until the Termination Date for such Lender (or such later date on which the Advances made by such Lender shall have been paid in full and the participations in Letters of Credit of such Lender have terminated) at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing with the quarter ended September 30, 2017, and on the Termination Date applicable to such Lender, provided that no Defaulting Lender shall be entitled to receive any facility fee except in respect of its outstanding Advances for any period during which that Lender is a Defaulting Lender (and the Company shall not be required to pay such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(b) Letter of Credit Fees. (i) Each Borrower shall pay to the Agent for the account of each Lender a commission on such Lender's Ratable Share of the average daily aggregate Available Amount of all Letters of Credit issued for the account of such Borrower and outstanding

from time to time at a rate per annum equal to the Applicable Margin for Eurocurrency Rate Advances in effect from time to time during such calendar quarter, payable in arrears quarterly on the last day of each March, June, September and December, commencing with the quarter ended September 30, 2017, and on the Termination Date applicable to such Lender; provided that the Applicable Margin shall be 2% above the Applicable Margin in effect upon the occurrence and during the continuation of an Event of Default if such Borrower is required to pay default interest on all outstanding Advances pursuant to Section 2.07(b); provided, further, that (i) to the extent that all or a portion of the Fronting Exposure in respect of any Defaulting Lender is reallocated to the Non-Defaulting Lenders pursuant to Section 2.20(a), such fees that would have accrued for the benefit of such Defaulting Lender will instead accrue for the benefit of and be payable to such Non-Defaulting Lenders, pro rata in accordance with their respective Revolving Credit Commitments, and (ii) to the extent that all or any portion of such Fronting Exposure cannot be so reallocated, such fees will instead accrue for the benefit of and be payable to the respective Issuing Banks ratably according to the outstanding Letters of Credit issued by each Issuing Bank.

(ii) Each Borrower shall pay to each Issuing Bank, for its own account, a fronting fee equal to 0.125% per annum (or such lesser amount as such Issuing Bank may approve in its sole discretion) on the Available Amount of all Letters of Credit issued for the account of such Borrower by such Issuing Bank, payable in arrears quarterly on the last day of each March, June, September and December, commencing with the quarter ended September 30, 2017, and on the Termination Date, and such other commissions, issuance fees, transfer fees and other fees and charges in connection with the Issuance or administration of each Letter of Credit as such Borrower and such Issuing Bank shall agree.

(c) Agent's Fees. The Company shall pay to the Agent for its own account such fees as may from time to time be agreed between the Company and the Agent.

SECTION 2.05. Termination or Reduction of the Commitments. (a) Optional Ratable Termination or Reduction. The Company shall have the right, upon at least two Business Days' notice to the Agent, to terminate in whole or permanently reduce ratably in part the Unused Commitments or the Unissued Letter of Credit Commitments of the Lenders, provided, however, that each partial reduction shall be in the aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(b) Non-Ratable Reduction. The Company shall have the right, at any time, upon at least ten Business Days notice to a Defaulting Lender (with a copy to the Agent), to terminate in whole such Lender's Commitments. Such termination shall be effective, (x) with respect to such Lender's Unused Commitment, on the date set forth in such notice, provided, however, that such date shall be no earlier than ten Business Days after receipt of such notice and (y) with respect to each Advance outstanding to such Lender, in the case of Base Rate Advances, on the date set forth in such notice and, in the case of Eurocurrency Rate, on the last day of the then current Interest Period relating to such Advance. Upon termination of a Lender's Commitments under this Section 2.05(b), the Company will pay or cause to be paid all principal of, and interest accrued to the date of such payment on, Advances owing to such Lender and pay any accrued facility fees or Letter of Credit fees payable to such Lender pursuant to the provisions of Section 2.04, and all other amounts

payable to such Lender hereunder (including, but not limited to, any increased costs or other amounts owing under Section 2.11 and any indemnification for Taxes under Section 2.14); and, if such Lender is an Issuing Bank, shall pay to the Agent for deposit in the L/C Cash Deposit Account an amount equal to the Available Amount of all Letters of Credit issued by such Issuing Bank, and upon such payments, the obligations of such Lender hereunder shall, by the provisions hereof, be released and discharged; provided, however, that such Lender's rights under Sections 2.11, 2.14 and 9.04, and, in the case of an Issuing Bank, Sections 2.04(b) and 6.02, and its obligations under Section 8.05 shall survive such release and discharge as to matters occurring prior to such date. Subject to Section 2.18, the aggregate amount of the Commitments of the Lenders once reduced pursuant to this Section 2.05(b) may not be reinstated; provided, further, however, that if pursuant to this Section 2.05(b), the Borrowers shall pay to a Defaulting Lender any principal of, or interest accrued on, the Advances owing to such Defaulting Lender, then the Borrowers shall either (x) confirm to the Agent that the conditions set forth in Section 3.03(a) are met on and as of such date of payment or (y) pay or cause to be paid a ratable payment of principal and interest to all Lenders who are not Defaulting Lenders.

SECTION 2.06. Repayment of Advances and Letter of Credit Drawings. (a) Advances. Each Borrower shall repay to the Agent for the ratable amount of each Lender on the Termination Date applicable to such Lender the aggregate principal amount of the Advances made to it by such Lender and then outstanding.

(b) Letter of Credit Drawings. The obligations of each Borrower under any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit issued for the account of such Borrower shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances (it being understood that any such payment by such Borrower is without prejudice to, and does not constitute a waiver of, any rights such Borrower might have or might acquire as a result of the payment by any Lender of any draft or the reimbursement by such Borrower thereof):

(i) any lack of validity or enforceability of this Agreement, any Note, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the "L/C Related Documents");

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of such Borrower in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(iii) the existence of any claim, set-off, defense or other right that such Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for which any such beneficiary or any such transferee may be acting), any Issuing Bank, the Agent, any Lender or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the obligations of such Borrower in respect of the L/C Related Documents; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, such Borrower or a guarantor.

SECTION 2.07. Interest on Advances. (a) Scheduled Interest. Each Borrower shall pay interest on the unpaid principal amount of each Advance made to it and owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) Base Rate in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full plus (y) the Applicable Margin in effect from time to time.

(ii) Eurocurrency Rate Advances. During such periods as such Advance is a Eurocurrency Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (x) the Eurocurrency Rate for such Interest Period for such Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurocurrency Rate Advance shall be Converted or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a), the Agent shall, upon the request of the Required Lenders, require the Borrowers to pay interest (“Default Interest”) on (i) the overdue principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances

pursuant to clause (a)(i) above; provided, however, that following acceleration of the Advances pursuant to Section 6.01, Default Interest shall accrue and be payable hereunder whether or not previously required by the Agent.

SECTION 2.08. Interest Rate Determination. (a) The Agent shall give prompt notice to the Company and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.07(a)(i) or (ii).

(b) If, with respect to any Eurocurrency Rate Advances, the Required Lenders notify the Agent that (i) they are unable to obtain matching deposits in the London inter-bank market at or about 11:00 A.M. (London time) on the second Business Day before the making of a Borrowing in sufficient amounts to fund their respective Advances as a part of such Borrowing during its Interest Period or (ii) the Eurocurrency Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurocurrency Rate Advances for such Interest Period, the Agent shall forthwith so notify the Company and the Lenders, whereupon (A) the Borrower of such Eurocurrency Rate Advances will, on the last day of the then-existing Interest Period therefor, (1) if such Eurocurrency Rate Advances are denominated in Dollars, either (x) prepay such Advances or (y) Convert such Advances into Base Rate Advances and (2) if such Eurocurrency Rate Advances are denominated in any Committed Currency, either (x) prepay such Advances or (y) exchange such Advances into an Equivalent amount of Dollars and Convert such Advances into Base Rate Advances and (B) the obligation of the Lenders to make, or to Convert Advances into, Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist.

(c) If any Borrower shall fail to select the duration of any Interest Period for any Eurocurrency Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify such Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, (i) if such Eurocurrency Rate Advances are denominated in Dollars, Convert into Base Rate Advances and (ii) if such Eurocurrency Rate Advances are denominated in a Committed Currency, be exchanged for an Equivalent amount of Dollars and Convert into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurocurrency Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than the Borrowing Minimum, such Advances shall automatically (i) if such Eurocurrency Rate Advances are denominated in Dollars, Convert into Base Rate Advances and (ii) if such Eurocurrency Rate Advances are denominated in a Committed Currency, be exchanged for an Equivalent amount of Dollars and Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default under Section 6.01(a), (i) each Eurocurrency Rate Advance will automatically, on the last day of the then existing Interest Period therefor, (A) if such Eurocurrency Rate Advances are denominated in Dollars, be Converted into Base Rate Advances and (B) if such Eurocurrency Rate Advances are denominated in any Committed Currency, be exchanged for an Equivalent amount of Dollars and

be Converted into Base Rate Advances and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurocurrency Rate Advances shall be suspended.

(f) If Reuters Screen LIBOR01 Page or the Reuters Screen CDOR Page (or any successor page or other relevant Reuters Screen page), as applicable, is unavailable for any Eurocurrency Rate Advance,

(i) the Agent shall forthwith notify the applicable Borrower and the Lenders that the interest rate cannot be determined for such Eurocurrency Rate Advances,

(ii) each such Eurocurrency Rate Advance will automatically, on the last day of the then existing Interest Period therefor, (A) if such Eurocurrency Rate Advance is denominated in Dollars, Convert into a Base Rate Advance and (B) if such Eurocurrency Rate Advance is denominated in any Committed Currency, be prepaid by the applicable Borrower or be automatically exchanged for an Equivalent amount of Dollars and be Converted into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make Eurocurrency Rate Advances in the applicable currency or to Convert Advances into Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.09. Optional Conversion of Advances. The Borrower of any Advance may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion in the case of a Conversion to Eurocurrency Rate Advances and not later than 11:00 A.M. (New York City time) on the date of the proposed Conversion in the case of a Conversion to Base Rate Advances and subject to the provisions of Sections 2.08, 2.12 and 9.04(c), Convert all Advances denominated in Dollars of one Type comprising the same Borrowing into Advances denominated in Dollars of the other Type; provided, however, that any Conversion of Base Rate Advances into Eurocurrency Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and no Conversion of any Advances shall result in more separate Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Dollar denominated Advances to be Converted, and (iii) if such Conversion is into Eurocurrency Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower giving such notice.

SECTION 2.10. Prepayments of Advances. (a) Optional. Each Borrower may, upon notice at least two Business Days' prior to the date of such prepayment, in the case of Eurocurrency Rate Advances, and not later than 11:00 A.M. (New York City time) on the date of such prepayment, in the case of Base Rate Advances, to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall,

prepay the outstanding principal amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment of Advances shall be in an aggregate principal amount of not less than the Borrowing Minimum or a Borrowing Multiple in excess thereof, and (y) in the event of any such prepayment of a Eurocurrency Rate Advance, such Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 9.04(c).

(b) Mandatory. (i) If, on any date, the Agent notifies the Company that, on any interest payment date, the sum of (A) the aggregate principal amount of all Advances denominated in Dollars plus the aggregate Available Amount of all Letters of Credit denominated in Dollars then outstanding plus (B) the Equivalent in Dollars (determined on the third Business Day prior to such interest payment date) of the aggregate principal amount of all Advances and the Available Amount of all Letters of Credit denominated in Committed Currencies then outstanding exceeds 105% of the aggregate Revolving Credit Commitments of the Lenders on such date, the Borrowers shall, as soon as practicable and in any event within two Business Days after receipt of such notice, prepay the outstanding principal amount of any Advances owing by the Borrowers in an aggregate amount sufficient to reduce such sum to an amount not to exceed 100% of the aggregate Revolving Credit Commitments of the Lenders on such date together with any interest accrued to the date of such prepayment on the aggregate principal amount of Advances prepaid; provided that if the Company has Cash Collateralized Letters of Credit in accordance with Section 2.20(a), the Available Amount of the outstanding Letters of Credit shall be deemed to have been reduced by the amount of such cash collateral. The Agent shall give prompt notice of any prepayment required under this Section 2.10(b)(i) to the Company and the Lenders, and shall provide prompt notice to the Company of any such notice of required prepayment received by it from any Lender.

(ii) Each prepayment made pursuant to this Section 2.10(b) shall be made together with any interest accrued to the date of such prepayment on the principal amounts prepaid and, in the case of any prepayment of a Eurocurrency Rate Advance on a date other than the last day of an Interest Period or at its maturity, any additional amounts which the applicable Borrower shall be obligated to reimburse to the Lenders in respect thereof pursuant to Section 9.04(c). The Agent shall give prompt notice of any prepayment required under this Section 2.10(b) to the Company and the Lenders.

SECTION 2.11. Increased Costs. (a) If, due to either (i) the introduction of or any change after the Restatement Date in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority including, without limitation, any agency of the European Union or similar monetary or multinational authority (whether or not having the force of law), (A) there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurocurrency Rate Advances or of agreeing to issue or of issuing or maintaining or participating in Letters of Credit, (B) any Lender or its Applicable Lending Office is subjected to any Taxes, or there shall be a change the basis of taxation of payments to such Lender (other than with respect to Taxes for which Lenders are indemnified under Section 2.14 and Excluded Taxes as to both of which Section 2.14 shall

govern), or (C) there shall be imposed, modified or deemed applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Eurocurrency Rate) or any Issuing Bank, then the Company shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Company and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) that becomes effective after the Restatement Date, or any change in any such existing law, regulation, guideline or request, affects or would affect the amount of capital or liquidity required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital or liquidity is increased by or based upon the existence of such Lender's commitment to lend or to issue or participate in Letters of Credit hereunder and other commitments of such type or the issuance or maintenance of or participation in the Letters of Credit (or similar contingent obligations), then, upon demand by such Lender (with a copy of such demand to the Agent), the Company shall pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital or liquidity to be allocable to the existence of such Lender's commitment to lend or to issue or participate in Letters of Credit hereunder or to the issuance or maintenance of or participation in any Letters of Credit. A certificate as to such amounts submitted to the Company and the Agent by such Lender shall be conclusive and binding for all purposes, absent manifest error.

(c) Notwithstanding anything to the contrary in this Section 2.11, the Company shall not be required to compensate a Lender pursuant to this Section 2.11 for any amounts incurred more than 270 days prior to the date that such Lender notifies the Company of such Lender's intention to claim compensation therefor; provided that, if the circumstances giving rise to such claim have a retroactive effect, then such 270-day period shall be extended to include the period of such retroactive effect.

(d) For the avoidance of doubt, for purposes of this Section 2.11, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of law) and (y) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of law), in each case pursuant to Basel III, shall in each case be deemed to be a change in law regardless of the date enacted, adopted, issued, promulgated or implemented.

SECTION 2.12. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurocurrency Lending Office to perform its obligations hereunder to make Eurocurrency Rate Advances in Dollars or any Committed Currency or to fund or maintain Eurocurrency Rate Advances in Dollars or any Committed Currency hereunder, (a) each Eurocurrency Rate Advance will automatically, upon such demand (i) if such Eurocurrency Rate Advance is denominated in Dollars, be Converted into a Base Rate Advance and (ii) if such Eurocurrency Rate Advance is denominated in any Committed Currency, be exchanged into an Equivalent amount of Dollars and be Converted into a Base Rate Advance and (b) the obligation of the Lenders to make Eurocurrency Rate Advances or to Convert Advances into Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist; provided, however, that before making any such demand, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Eurocurrency Lending Office if the making of such a designation would allow such Lender or its Eurocurrency Lending Office to continue to perform its obligations to make Eurocurrency Rate Advances or to continue to fund or maintain Eurocurrency Rate Advances and would not, in the judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 2.13. Payments and Computations. (a) Each Borrower shall make each payment required to be made by such Borrower hereunder (except with respect to principal of, interest on, and other amounts relating to, Advances denominated in a Committed Currency), irrespective of any right of counterclaim or set-off, not later than 11:00 A.M. (New York City time) on the day when due in Dollars to the Agent at the applicable Agent's Account in same day funds. Each Borrower shall make each payment required to be made by such Borrower hereunder with respect to principal of, interest on, and other amounts relating to, Advances denominated in a Committed Currency, irrespective of any right of counterclaim or set-off, not later than 11:00 A.M. (at the Payment Office for such Committed Currency) on the day when due in such Committed Currency to the Agent, by deposit of such funds to the applicable Agent's Account in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest, fees or commissions ratably (other than amounts payable pursuant to Section 2.04(b), 2.11, 2.14 or 9.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon any Assuming Lender becoming a Lender hereunder as a result of a Commitment Increase pursuant to Section 2.18 or an extension of the Termination Date pursuant to Section 2.19 and upon the Agent's receipt of such Lender's Assumption Agreement and recording of the information contained therein in the Register, from and after the applicable Increase Date or Extension Date, as the case may be, the Agent shall make all payments hereunder and under any Notes issued in connection therewith in respect of the interest assumed thereby to the Assuming Lender. Upon its acceptance of an Assignment and Assumption and recording of the information contained therein in the Register pursuant to Section 9.07(c), from and after the effective date specified in such Assignment and Assumption, the Agent shall make all

payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) Each Borrower hereby authorizes each Lender, if and to the extent payment owed to such Lender by such Borrower is not made when due hereunder or under the Note held by such Lender, to charge from time to time against any or all of such Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Base Rate (other than when the Base Rate is determined by reference to the Federal Funds Rate or the Eurocurrency Rate) shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurocurrency Rate or the Federal Funds Rate and of fees and Letter of Credit commissions shall be made by the Agent on the basis of a year of 360 days (or, in each case of Advances denominated in Committed Currencies where market practice differs, in accordance with market practice), in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest, fee or commission, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurocurrency Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Agent shall have received notice from any Borrower prior to the date on which any payment is due to the Lenders hereunder that such Borrower will not make such payment in full, the Agent may assume that such Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent such Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at (i) the Federal Funds Rate in the case of Advances denominated in Dollars or (ii) the cost of funds incurred by the Agent in respect of such amount in the case of Advances denominated in Committed Currencies.

(f) To the extent that the Agent receives funds for application to the amounts owing by any Borrower under or in respect of this Agreement or any Note in currencies other than the currency or currencies required to enable the Agent to distribute funds to the Lenders in accordance with the terms of this Section 2.13, the Agent shall be entitled to convert or exchange such funds into Dollars or into a Committed Currency or from Dollars to a Committed Currency or from a Committed Currency to Dollars, as the case may be, to the extent necessary to enable the Agent to distribute such funds in accordance with the terms of this Section 2.13; provided that each

Borrower and each of the Lenders hereby agree that the Agent shall not be liable or responsible for any loss, cost or expense suffered by such Borrower or such Lender as a result of any conversion or exchange of currencies affected pursuant to this Section 2.13(f) or as a result of the failure of the Agent to effect any such conversion or exchange; and provided further that each Borrower agrees to indemnify the Agent and each Lender, and hold the Agent and each Lender harmless, for any and all losses, costs and expenses incurred by the Agent or any Lender for any conversion or exchange of currencies (or the failure to convert or exchange any currencies) in accordance with this Section 2.13(f) paid by such Borrower.

SECTION 2.14. Taxes. (a) Any and all payments by each Borrower to or for the account of any Lender or the Agent hereunder or under the Notes or any other documents to be delivered hereunder shall be made, in accordance with Section 2.13 or the applicable provisions of such other documents, free and clear of and without deduction for any and all Indemnified Taxes. If any Borrower shall be required by law to deduct any Indemnified Taxes from or in respect of any sum payable hereunder or under any Note or any other documents to be delivered hereunder to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Company shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under the Notes or any other documents to be delivered hereunder or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or the Notes or any other documents to be delivered hereunder, excluding, however, such taxes imposed as a result of an assignment (other than an assignment that occurs as a result of the Company's demand) or participation (hereinafter referred to as "Other Taxes").

(c) Each Borrower shall indemnify each Lender and the Agent for and hold it harmless against the full amount of Indemnified Taxes or Other Taxes imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor. The written demand shall include the original or a copy of a receipt or a demand issued by the relevant governmental authority evidencing such payment or demanding such payment, together with a certificate setting forth the amount of such Indemnified Taxes or Other Taxes and, in reasonable detail, the calculation and basis for such Indemnified Taxes or Other Taxes.

(d) Within 30 days after the date of any payment of Indemnified Taxes by a Borrower to a governmental authority, each Borrower shall furnish to the Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt evidencing such payment to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Agent.

(e) (i) Each Lender that is a United States person, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assumption Agreement or the Assignment and Assumption pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by the Company, shall provide each of the Agent and the Company with two duly completed original Internal Revenue Service Forms W-9 or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from United States withholding tax on payments pursuant to this Agreement or the Notes. For purposes of this subsection (e), the terms “United States” and “United States person” shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(ii) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assumption Agreement or the Assignment and Assumption pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by the Company, shall provide each of the Agent and the Company with two duly completed original Internal Revenue Service Forms W-8BEN, W-8ECI or W-8IMY, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes.

(iii) If a payment made to a Lender would be subject to United States federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Company, at the time or times prescribed by law and at such time or times reasonably requested in writing by the Company, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested in writing by the Company as may be necessary for the Borrowers to comply with their obligations under FATCA, to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment.

(f) Should a Lender become subject to Excluded Taxes because of its failure to deliver a form, certificate or other document described in Section 2.14(e), the Company shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Excluded Taxes.

(g) Any Lender that is entitled to an exemption from or reduction of withholding tax imposed by any jurisdiction other than the United States (a “Foreign Jurisdiction”) with respect to payments under this Agreement shall deliver to the relevant Borrower (with a copy to the Agent) within 15 Business Days following receipt of the written notice referred to below, such properly completed and executed documentation as is reasonably requested by such Borrower or the Agent in order to permit such payments to be made with the benefit of such exemption or reduction (and

shall make application to the relevant governmental authority for exemption or reduced rates if it is the party required by law to do so), provided, however, that such Lender has received written notice from such Borrower or the Agent identifying the requirements for such exemption or reduction, supplying all applicable documentation and specifying the time period within which documentation is to be provided under this Section 2.14(g) (or such application is to be made). Without limiting the Lenders' obligations under the preceding sentence, each Lender agrees that it will, without material cost or other material disadvantage (as determined in such Lender's good faith judgment), cooperate with such Borrower to minimize the applicable withholding tax burdens in such Foreign Jurisdiction. If any Lender becomes subject to any Tax because it fails to comply with this Section 2.14(g), each Borrower shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Tax. The Agent agrees that it will provide administrative and ministerial assistance to each relevant Borrower with respect to any payments made by such Borrower to the Lenders, and the calculation, reporting, withholding and remitting of any Taxes imposed by such Foreign Jurisdiction to the appropriate governmental authority. Notwithstanding the foregoing, (i) the Borrowers shall retain primary responsibility for ascertaining the requirements of applicable law and providing to the Lenders the written notice described in the first sentence of this Section 2.14(g), and (ii) no failure by the Agent to meet any obligations under this Section 2.14(g) shall operate to excuse any Borrower from its obligations to the Lenders under this Section 2.14(g). In all events, as between the Company and the Agent, the Company shall make all final decisions concerning whether payments to a Lender are subject to any withholding.

(h) If the Agent or a Lender (or an assignee) determines, in its reasonable discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by any Borrower or with respect to which any Borrower has paid additional amounts pursuant to this Section 2.14, it shall pay over such refund plus any interest received from the governmental authority, to such Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 2.14 with respect to the Indemnified Taxes or the Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Agent or such Lender (or assignee).

SECTION 2.15. Sharing of Payments, Etc. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Advances or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Advances and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Agent of such fact, and (b) purchase (for cash at face value) participations in the Advances and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Advances and other amounts owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Advances or participations in L/C Obligations to any assignee or participant, other than to a Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Borrower in the amount of such participation.

SECTION 2.16. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Advance owing to such Lender from time to time hereunder, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Advances. Each Borrower agrees that upon notice by any Lender to such Borrower (with a copy of such notice to the Agent) to the effect that a Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender to such Borrower, such Borrower shall promptly execute and deliver to such Lender a Note payable to the order of such Lender in a principal amount up to the Revolving Credit Commitment of such Lender.

(b) The Register maintained by the Agent pursuant to Section 9.07(c) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assumption Agreement and each Assignment and Assumption delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iv) the amount of any sum received by the Agent from such Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from each Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of any Borrower under this Agreement.

SECTION 2.17. Use of Proceeds. The proceeds of the Advances shall be available (and each Borrower agrees that it shall use such proceeds) solely for general corporate purposes of the Company and its Subsidiaries.

SECTION 2.18. Increase in the Revolving Credit Commitments. (a) The Company may, at any time but in any event not more than twice in any calendar year prior to the Termination Date, by notice to the Agent, request that the aggregate amount of the Revolving Credit Commitments be increased by an amount of \$50,000,000 or an integral multiple of \$5,000,000 in excess thereof (each a “Commitment Increase”) to be effective as of a date that is at least 90 days prior to the scheduled Termination Date then in effect (the “Increase Date”) as specified in the related notice to the Agent; provided, however that (i) in no event shall the aggregate amount of the Revolving Credit Commitments at any time exceed \$2,550,000,000 and (ii) on the date of any request by the Company for a Commitment Increase and on the related Increase Date the applicable conditions set forth in Article III shall be satisfied.

(b) The Agent shall promptly notify the Lenders of a request by the Company for a Commitment Increase, which notice shall include (i) the proposed amount of such requested Commitment Increase, (ii) the proposed Increase Date and (iii) the date (which shall be earlier than the Increase Date) by which Lenders wishing to participate in the Commitment Increase must commit to an increase in the amount of their respective Revolving Credit Commitments (the “Commitment Date”). Each Lender that is willing to participate in such requested Commitment Increase (each an “Increasing Lender”) shall, in its sole discretion, give written notice to the Agent on or prior to the Commitment Date of the amount by which it is willing to increase its Revolving Credit Commitment (and any failure by a Lender to respond to such request for a Commitment Increase shall be deemed to be a rejection by such Lender of such request). If the Lenders notify the Agent that they are willing to increase the amount of their respective Revolving Credit Commitments by an aggregate amount that exceeds the amount of the requested Commitment Increase, the requested Commitment Increase shall be allocated among the Lenders willing to participate therein in such amounts as are agreed between the Company and the Agent.

(c) Promptly following each Commitment Date, the Agent shall notify the Company as to the amount, if any, by which the Lenders are willing to participate in the requested Commitment Increase. If the aggregate amount by which the Lenders are willing to participate in any requested Commitment Increase on any such Commitment Date is less than the requested Commitment Increase, then the Company may extend offers to one or more Eligible Assignees to participate in any portion of the requested Commitment Increase that has not been committed to by the Lenders as of the applicable Commitment Date; provided, however, that the Revolving Credit Commitment of each such Eligible Assignee shall be in an amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(d) On each Increase Date, each Eligible Assignee that accepts an offer to participate in a requested Commitment Increase in accordance with Section 2.18(b) (each such Eligible Assignee, an “Assuming Lender”) shall become a Lender party to this Agreement as of such Increase Date and the Revolving Credit Commitment of each Increasing Lender for such requested Commitment Increase shall be so increased by such amount (or by the amount allocated

to such Lender pursuant to the last sentence of Section 2.18(b)) as of such Increase Date; provided, however, that the Agent shall have received on or before such Increase Date the following, each dated such date:

- (i) opinions of counsel for the Company (one of which may be in-house counsel), in substantially the forms of Exhibit E-1 and Exhibit E-2 hereto;
- (ii) an assumption agreement from each Assuming Lender, if any, in form and substance reasonably satisfactory to the Company and the Agent (each an “Assumption Agreement”), duly executed by such Eligible Assignee, the Agent and the Company; and
- (iii) confirmation from each Increasing Lender of the increase in the amount of its Revolving Credit Commitment in a writing reasonably satisfactory to the Company and the Agent.

On each Increase Date, upon fulfillment of the conditions set forth in the immediately preceding sentence of this Section 2.18(d), the Agent shall notify the Lenders (including, without limitation, each Assuming Lender) and the Company, on or before 1:00 P.M. (New York City time), by telecopier, of the occurrence of the Commitment Increase to be effected on such Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and each Assuming Lender on such date. Each Increasing Lender and each Assuming Lender shall, before 2:00 P.M. (New York City time) on the Increase Date, purchase that portion of outstanding Advances of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Advances to be funded and held on a pro rata basis by the Lenders in accordance with their Ratable Shares.

SECTION 2.19. Extension of Termination Date. (a) At least 60 days but not more than 90 days prior to any anniversary of the Restatement Date, the Company, by written notice to the Agent, may request an extension of the Termination Date in effect at such time by one year from its then scheduled expiration; provided that such notice of request for an extension of the Termination Date may be given not more than twice. The Agent shall promptly notify each Lender of such request, and each Lender shall in turn, in its sole discretion, not later than 20 days prior to such anniversary date, notify the Company and the Agent in writing as to whether such Lender will consent to such extension. If any Lender shall fail to notify the Agent and the Company in writing of its consent to any such request for extension of the Termination Date at least 20 days prior to such anniversary date, such Lender shall be deemed to be a Non-Consenting Lender with respect to such request. The Agent shall notify the Company not later than 15 days prior to such anniversary date of the decision of the Lenders regarding the Company’s request for an extension of the Termination Date.

(b) If all the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.19, the Termination Date in effect at such time shall, effective as at the applicable anniversary date (the “Extension Date”) and subject to the satisfaction of the conditions set forth in Section 3.03, be extended for one year. If less than all of the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.19, the Termination

Date in effect at such time shall, effective as at the applicable Extension Date and subject to subsection (d) of this Section 2.19, be extended as to those Lenders that so consented (each a “Consenting Lender”) but shall not be extended as to any other Lender (each a “Non-Consenting Lender”). To the extent that the Termination Date is not extended as to any Lender pursuant to this Section 2.19 and the Commitment of such Lender is not assumed in accordance with subsection (c) of this Section 2.19 on or prior to the applicable Extension Date, the Commitment of such Non-Consenting Lender shall automatically terminate in whole on such unextended Termination Date without any further notice or other action by the Company, such Lender or any other Person; provided that such Non-Consenting Lender’s rights under Sections 2.11, 2.14 and 9.04, and its obligations under Section 8.05, shall survive the Termination Date for such Lender as to matters occurring prior to such date. It is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Company for any requested extension of the Termination Date.

(c) If less than all of the Lenders consent to any such request pursuant to subsection (a) of this Section 2.19, the Agent shall promptly so notify the Consenting Lenders, and each Consenting Lender may, in its sole discretion, give written notice to the Agent not later than 10 days prior to the Extension Date of the amount of the Non-Consenting Lenders’ Commitments for which it is willing to accept an assignment. If the Consenting Lenders notify the Agent that they are willing to accept assignments of Commitments in an aggregate amount that exceeds the amount of the Commitments of the Non-Consenting Lenders, such Commitments shall be allocated among the Consenting Lenders willing to accept such assignments in such amounts as are agreed between the Company and the Agent. If after giving effect to the assignments of Commitments described above there remains any Commitments of Non-Consenting Lenders, the Company may arrange for one or more Consenting Lenders or other Eligible Assignees as Assuming Lenders to assume, effective as of the Extension Date, any Non-Consenting Lender’s Commitment and all of the obligations of such Non-Consenting Lender under this Agreement thereafter arising, without recourse to or warranty by, or expense to, such Non-Consenting Lender; provided, however, that the amount of the Commitment of any such Assuming Lender as a result of such substitution shall in no event be less than \$10,000,000 unless the amount of the Commitment of such Non-Consenting Lender is less than \$10,000,000, in which case such Assuming Lender shall assume all of such lesser amount; and provided further that:

(i) any such Consenting Lender or Assuming Lender shall have paid to such Non-Consenting Lender (A) the aggregate principal amount of, and any interest accrued and unpaid to the effective date of the assignment on, the outstanding Advances, if any, of such Non-Consenting Lender plus (B) any accrued but unpaid facility fees owing to such Non-Consenting Lender as of the effective date of such assignment;

(ii) all additional costs reimbursements, expense reimbursements and indemnities payable to such Non-Consenting Lender, and all other accrued and unpaid amounts owing to such Non-Consenting Lender hereunder, as of the effective date of such assignment shall have been paid to such Non-Consenting Lender; and

(iii) with respect to any such Assuming Lender, the applicable processing and recordation fee required under Section 9.07 for such assignment shall have been paid;

provided further that such Non-Consenting Lender's rights under Sections 2.11, 2.14 and 9.04, and its obligations under Section 8.05, shall survive such substitution as to matters occurring prior to the date of substitution. At least three Business Days prior to any Extension Date, (A) each such Assuming Lender, if any, shall have delivered to the Company and the Agent an Assumption Agreement, duly executed by such Assuming Lender, such Non-Consenting Lender, the Company and the Agent, (B) any such Consenting Lender shall have delivered confirmation in writing satisfactory to the Company and the Agent as to the increase in the amount of its Commitment and (C) each Non-Consenting Lender being replaced pursuant to this Section 2.19 shall have delivered to the Agent any Note or Notes held by such Non-Consenting Lender. Upon the payment or prepayment of all amounts referred to in clauses (i), (ii) and (iii) of the immediately preceding sentence, each such Consenting Lender or Assuming Lender, as of the Extension Date, will be substituted for such Non-Consenting Lender under this Agreement and shall be a Lender for all purposes of this Agreement, without any further acknowledgment by or the consent of the other Lenders, and the obligations of each such Non-Consenting Lender hereunder shall, by the provisions hereof, be released and discharged, provided that the Extension Date effectiveness shall be subject to the satisfaction of the conditions set forth in clause (d) below.

(d) If (after giving effect to any assignments or assumptions pursuant to subsection (c) of this Section 2.19) Lenders having Commitments equal to at least 50% of the Commitments in effect immediately prior to the Extension Date consent in writing to a requested extension (whether by execution or delivery of an Assumption Agreement or otherwise) not later than one Business Day prior to such Extension Date, the Agent shall so notify the Company, and, subject to the satisfaction of the conditions set forth in Section 3.03, the Termination Date then in effect shall be extended for the additional one-year period as described in subsection (a) of this Section 2.19, and all references in this Agreement, and in the Notes, if any, to the "Termination Date" shall, with respect to each Consenting Lender and each Assuming Lender for such Extension Date, refer to the Termination Date as so extended. Promptly following each Extension Date, the Agent shall notify the Lenders (including, without limitation, each Assuming Lender) of the extension of the scheduled Termination Date in effect immediately prior thereto and shall thereupon record in the Register the relevant information with respect to each such Consenting Lender and each such Assuming Lender.

SECTION 2.20. Defaulting Lenders. (a) If any Letters of Credit are outstanding at the time a Lender becomes a Defaulting Lender, and the Commitments have not been terminated in accordance with Section 6.01, then:

(i) so long as no Default has occurred and is continuing, all or any part of the Available Amount of outstanding Letters of Credit shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Ratable Shares (disregarding any Defaulting Lender's Revolving Credit Commitment) but only to the extent that the sum of (A) the aggregate principal amount of all Advances made by such Non-Defaulting Lenders (in their capacity as Lenders) and outstanding at such time, plus (B) such Non-Defaulting Lenders' Ratable Shares (before giving effect to the reallocation contemplated herein) of the Available Amount of all outstanding Letters of Credit, plus (C) the aggregate principal

amount of all Advances made by each Issuing Bank pursuant to Section 2.03(c) that have not been ratably funded by such Non-Defaulting Lenders and outstanding at such time, plus (D) such Defaulting Lender's Ratable Share of the Available Amount of such Letters of Credit, does not exceed the total of all Non-Defaulting Lenders' Revolving Credit Commitments and, after giving effect thereto with respect to each Non-Defaulting Lender, the sum of the Advances and participations in Letters of Credit (including any Advances made by an Issuing bank pursuant to Section 2.03(c) that have not been ratably funded by the Lenders and outstanding at such time) does not exceed such Non-Defaulting Lender's Revolving Credit Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrowers shall within one Business Day following notice by any Issuing Bank, Cash Collateralize such Defaulting Lender's Ratable Share of the Available Amount of such Letters of Credit (after giving effect to any partial reallocation pursuant to clause (i) above) by paying cash collateral to such Issuing Bank; provided that, so long as no Default shall be continuing, such cash collateral shall be released promptly upon the earliest of (A) the reallocation of the Available Amount of outstanding Letters of Credit among Non-Defaulting Lenders in accordance with clause (i) above, (B) the termination of the Defaulting Lender status of the applicable Lender or (C) such Issuing Bank's good faith determination that there exists excess cash collateral (in which case, the amount equal to such excess cash collateral shall be released);

(iii) if the Ratable Shares of Letters of Credit of the Non-Defaulting Lenders are reallocated pursuant to this Section 2.20(a), then the fees payable to the Lenders pursuant to Section 2.04(b)(i) shall be adjusted in accordance with such Non-Defaulting Lenders' Ratable Shares of Letters of Credit;

(iv) if any Defaulting Lender's Ratable Share of Letters of Credit is neither Cash Collateralized nor reallocated pursuant to this Section 2.20(a), then, without prejudice to any rights or remedies of any Issuing Bank or any Lender hereunder, all Letter of Credit fees payable under Section 2.04(b)(i) with respect to such Defaulting Lender's Ratable Share of Letters of Credit shall be payable to the applicable Issuing Bank until such Defaulting Lender's Ratable Share of Letters of Credit is Cash Collateralized and/or reallocated; and

(v) to the extent that the Available Amount of any outstanding Letter of Credit is Cash Collateralized by the Borrowers pursuant to this Section 2.20, the Borrowers shall not be required to pay any commission otherwise payable pursuant to Section 2.05(b)(i) on that portion of the Available Amount that is so Cash Collateralized.

(b) So long as any Lender is a Defaulting Lender, no Issuing Bank shall be required to issue, amend or increase any Letter of Credit unless it is satisfied that the related exposure will be 100% covered by the Revolving Credit Commitments of the Non-Defaulting Lenders and/or cash collateral will be provided by the applicable Borrower, and participating interests in any such newly issued or increased Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 2.20(a)(i) (and Defaulting Lenders shall not participate therein).

(c) No Revolving Credit Commitment of any Lender shall be increased or otherwise affected, and, except as otherwise expressly provided in this Section 2.20, performance by the Borrowers of their obligations shall not be excused or otherwise modified as a result of the operation of this Section 2.20. The rights and remedies against a Defaulting Lender under this Section 2.20 are in addition to any other rights and remedies which the Borrowers, the Agent, any Issuing Bank or any Lender may have against such Defaulting Lender. Subject to Section 9.19, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(d) If the Borrowers, the Agent and each Issuing Bank agree in writing in their reasonable determination that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any cash collateral), that Lender will, to the extent applicable, purchase that portion of outstanding Advances of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Advances and funded and unfunded participations in Letters of Credit to be held on a pro rata basis by the Lenders in accordance with their Ratable Share (without giving effect to Section 2.20(a)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of any Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

(e) Notwithstanding anything to the contrary contained in this Agreement, any payment of principal, interest, commitment fees, Letter of Credit commissions or other amounts received by the Agent for the account of any Defaulting Lender under this Agreement (whether voluntary or mandatory, at maturity, pursuant to Article VI or otherwise) shall be applied at such time or times as may be reasonably determined by the Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Bank hereunder; third, if so reasonably determined by the Agent or requested by any Issuing Bank, to be held as cash collateral for future funding obligations of such Defaulting Lender in respect of any participation in any Letter of Credit; fourth, as the Borrowers may request (so long as no Default exists), to the funding of any Advance in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as reasonably determined by the Agent; fifth, if so reasonably determined by the Agent and the Borrowers, to be held in the L/C Cash Deposit Account and released in order to satisfy obligations of such Defaulting Lender to fund Advances under this Agreement; sixth, to the payment of any amounts owing to the Lenders or the Issuing Banks as a result of any judgment of a court of competent jurisdiction obtained by any Lender or Issuing Bank against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default exists, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower

against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Advance in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Advances were made or the related Letters of Credit were issued at a time when the applicable conditions set forth in Article III were satisfied or waived, such payment shall be applied solely to pay the Advances of all Non-Defaulting Lenders and Potential Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Advances of such Defaulting Lender and provided further that any amounts held as cash collateral for funding obligations of a Defaulting Lender shall be returned to such Defaulting Lender upon the termination of this Agreement and the satisfaction of such Defaulting Lender's obligations hereunder. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section 2.20 shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

SECTION 2.21. Mitigation Obligations; Replacement of Lenders. (a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.11, or requires a Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any governmental authority for the account of any Lender pursuant to Section 2.14, then such Lender shall (at the request of the Company) use reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.11 or 2.14, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.11, or if any Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any governmental authority for the account of any Lender pursuant to Section 2.14 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 2.21(a), or if any Lender is a Defaulting Lender, a Protesting Lender or a Lender that does not approve any consent, waiver or amendment that (i) requires the approval of all affected Lenders in accordance with the terms of Section 9.01 and (ii) has been approved by the Required Lenders (a "Non-Approving Lender"), then the Company may, at its sole expense and effort, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.07), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.11 or Section 2.14) and obligations under this Agreement to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Agent shall have received the assignment fee (if any) specified in Section 9.07;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder (including any amounts under Section 9.04(c)) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.11 or payments required to be made pursuant to Section 2.14, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Approving Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of the Amendment and Restatement . This amendment and restatement of the Existing Credit Agreement (this “Amendment and Restatement”) shall become effective on the first date (the “Restatement Date”) on which the following conditions have been satisfied:

(a) Except for the Disclosed Matters, no Material Adverse Change shall have occurred and be continuing since December 31, 2016 (after giving effect to the Conduent Spin Off).

(b) There shall exist no action, suit, investigation, litigation or proceeding affecting the Company or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) except for the Disclosed Matters, could be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

- (c) The Company shall have notified each Lender and the Agent in writing as to the proposed Restatement Date.
- (d) The Company shall have paid all accrued fees and expenses of the Agent and the Lenders (including the accrued fees and expenses of counsel to the Agent (but not other Lenders)) required to be paid by it.
- (e) On the Restatement Date, the following statements shall be true and the Agent shall have received for the account of each Lender a certificate signed by a duly authorized officer of the Company, dated the Restatement Date, stating that:
 - (i) The representations and warranties contained in Section 4.01 are correct on and as of the Restatement Date, and
 - (ii) No event has occurred and is continuing that constitutes a Default.
- (f) The Agent shall have received on or before the Restatement Date the following, each dated such day, in form and substance satisfactory to the Agent and (except for the Notes) in sufficient copies for each Lender:
 - (i) The Notes of the Initial Borrower to the order of the Lenders to the extent requested by any Lender pursuant to Section 2.16.
 - (ii) Certified copies of the resolutions of the board of directors or other governing body of the Initial Borrower approving this Amendment and Restatement and the Notes, and of all documents evidencing other necessary corporate or similar action and governmental approvals, if any, with respect to this Amendment and Restatement and the Notes to be delivered by it.
 - (iii) A certificate of the Secretary or an Assistant Secretary of the Initial Borrower certifying the names and true signatures of the officers of the Initial Borrower authorized to sign this Amendment and Restatement and the Notes to be delivered by it and the other documents to be delivered hereunder.
 - (iv) Favorable opinions of (A) Nixon Peabody LLP, counsel for the Initial Borrower, and (B) Sarah Hlavinka McConnell, General Counsel of the Initial Borrower, substantially in the form of Exhibits D-1 and D-2 hereto, respectively.
 - (v) A favorable opinion of Shearman & Sterling LLP, counsel for the Agent, in form and substance satisfactory to the Agent.

SECTION 3.02. Initial Advance to Each Designated Subsidiary. The obligation of each Lender to make an initial Advance to each Designated Subsidiary is subject to the receipt by the Agent on or before the date that is at least five days prior to the proposed date of such initial Advance of each of the following, in form and substance reasonably satisfactory to the Agent and dated such date, and (except for the Notes) in sufficient copies for each Lender:

(a) The Notes of such Designated Subsidiary to the order of the Lenders to the extent requested by any Lender pursuant to Section 2.16.

(b) Certified copies of the resolutions of the board of directors or other governing body of such Designated Subsidiary (with a certified English translation if the original thereof is not in English) approving this Agreement, its Designation Agreement and the Notes to be delivered by it, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement.

(c) A certificate of a proper officer of such Designated Subsidiary certifying the names and true signatures of the officers of such Designated Subsidiary authorized to sign its Designation Agreement and the Notes to be delivered by it and the other documents to be delivered by it hereunder.

(d) A certificate signed by a duly authorized officer of the Company, certifying that such Designated Subsidiary has obtained all governmental and third party authorizations, consents, approvals (including exchange control approvals) and licenses required under applicable laws and regulations necessary for such Designated Subsidiary to execute and deliver its Designation Agreement and the Notes to be delivered by it and to perform its obligations hereunder and thereunder.

(e) A Designation Agreement duly executed by such Designated Subsidiary and the Company.

(f) Favorable opinions of counsel (which may be in-house counsel) to such Designated Subsidiary substantially in the form of Exhibit D-3 hereto, and as to such other matters as any Lender through the Agent may reasonably request.

(g) Favorable opinions of counsel to the Company as to the enforceability of Article VII hereof.

(h) Such other approvals, opinions or documents as any Lender, through the Agent may reasonably request.

SECTION 3.03. Conditions Precedent to Each Borrowing, Issuance, Commitment Increase and Extension Date. The obligation of each Lender to make an Advance (other than an Advance made by any Issuing Bank or any Lender pursuant to Section 2.03(c)) on the occasion of each Borrowing, the obligation of each Issuing Bank to issue a Letter of Credit, each Commitment Increase and each extension of Commitments pursuant to Section 2.19 shall be subject to the

conditions precedent that the Restatement Date shall have occurred and on the date of such Borrowing, such issuance, the applicable Increase Date or the applicable Extension Date (as the case may be) (a) the following statements shall be true (and each of the giving of the applicable Notice of Borrowing, Notice of Issuance, request for Commitment Increase or request for Commitment extension and the acceptance by any Borrower of the proceeds of such Borrowing, such issuance, such Increase Date or such extension of Commitments shall constitute a representation and warranty by such Borrower that on the date of such Borrowing, such issuance or such Increase Date or such Extension Date such statements are true):

(i) the representations and warranties contained in Section 4.01 (except, in the case of Borrowings and issuances, the representations set forth in the last sentence of subsection (e) thereof and in subsection (f)(i) thereof) are correct on and as of such date (except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true on and as of such earlier date), before and after giving effect to such Borrowing, such issuance, such Commitment Increase or such extension of Commitments and to the application of the proceeds therefrom, as though made on and as of such date, and additionally, if such Borrowing or issuance shall have been requested by a Designated Subsidiary, the representations and warranties of such Designated Subsidiary contained in its Designation Agreement are correct on and as of the date of such Borrowing or such issuance, before and after giving effect to such Borrowing, such issuance, such Commitment Increase or such extension of Commitments and to the application of the proceeds therefrom, as though made on and as of such date (except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true on and as of such earlier date), and

(ii) no event has occurred and is continuing, or would result from such Borrowing, such issuance, such Commitment Increase or such extension of Commitments or from the application of the proceeds therefrom, that constitutes a Default,

and (b) if such Borrowing or issuance shall have been requested by a Designated Subsidiary that is a Foreign Subsidiary, it shall not be illegal or contravene any law or regulation for such Lender to make, maintain or participate in such Borrowing or issuance.

SECTION 3.04. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Company, by notice to the Lenders, designates as the proposed Restatement Date or the date of the initial Advance to the applicable Designated Subsidiary, as the case may be, specifying its objection thereto. The Agent shall promptly notify the Lenders of the occurrence of the Restatement Date and each date of initial Advance to a Designated Subsidiary, as applicable.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Company. The Company represents and warrants as follows:

(a) The Initial Borrower is duly organized, validly existing and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the laws of the jurisdiction of its organization.

(b) The execution, delivery and performance by the Initial Borrower of this Agreement and the Notes to be delivered by it, and the consummation of the transactions contemplated hereby, are within the Initial Borrower's corporate or similar powers, have been duly authorized by all necessary corporate or similar action, and do not contravene (i) the Initial Borrower's organizational documents or by-laws, (ii) any law applicable to the Initial Borrower or (iii) any indenture or other agreement governing Debt or other material agreement or other instrument binding upon the Company, any of its Subsidiaries or any of their properties, or give rise to a right thereunder to require the Company or any of its Subsidiaries to make any payment thereunder.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Initial Borrower of this Agreement or the Notes to be delivered by it, except as have been obtained or made and are in full force and effect or where the failure to obtain the same would not have a Material Adverse Effect.

(d) This Agreement has been, and each of the Notes to be delivered by it when delivered hereunder will have been, duly executed and delivered by the Initial Borrower. This Agreement is, and each of the Notes to which it is a party, when delivered hereunder will be, the legal, valid and binding obligation of the Initial Borrower enforceable against the Initial Borrower in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(e) The Consolidated balance sheet of the Company and its Subsidiaries as at December 31, 2016, and the related Consolidated statements of income and cash flows of the Company and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of PricewaterhouseCoopers LLP, independent public accountants, and the Consolidated balance sheet of the Company and its Subsidiaries as at June 30, 2017, and the related Consolidated statements of income and cash flows of the Company and its Subsidiaries for the six months then ended, duly certified by the chief financial officer of the Company, copies of which have been furnished to each Lender, fairly present, subject, in the case of

said balance sheet as at June 30, 2017, and said statements of income and cash flows for the six months then ended, to year-end audit adjustments, the Consolidated financial condition of the Company and its Subsidiaries as at such dates and the Consolidated results of the operations of the Company and its Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Except for the Disclosed Matters, no Material Adverse Change has occurred and is continuing since December 31, 2016 (after giving effect to the Conduent Spin Off).

(f) There is no pending or, to the Company's knowledge, threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Company or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) except for the Disclosed Matters, could reasonably be expected to result in a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

(g) Following application of the proceeds of each Advance, not more than 25 percent of the value of the assets (either of the applicable Borrower only or of such Borrower and its Subsidiaries on a Consolidated basis) subject to the provisions of Section 5.02(a) or 5.02(d) or subject to any restriction contained in any agreement or instrument between such Borrower and any Lender or any Affiliate of any Lender relating to Debt and within the scope of Section 6.01(d) will be margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

(h) No Borrower is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(i) Neither the Information Memorandum nor any other information, exhibit or report furnished by or on behalf of the Company or any other Borrower to the Agent or any Lender in connection with the negotiation and syndication of this Agreement or pursuant to the terms of this Agreement (as modified or supplemented by other information so furnished, when taken together as a whole and with the Disclosed Matters) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading in any material respect, provided that, with respect to projected financial information, the Company represents only that such information was prepared in good faith based on assumptions believed to be reasonable at the time, it being recognized by the Agent and the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results and that such differences may be material.

(j) The Company has implemented and maintains in effect policies and procedures developed in accordance with standard industry practice and designed to reasonably ensure compliance by the Company, its Subsidiaries and their respective officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the

Company, its Subsidiaries and their respective officers and, to the knowledge of the Company, their respective employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Company, any Subsidiary or any of their respective officers, or (b) to the knowledge of the Company, their respective employees or any agent of the Company or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person.

(k) No Borrower is an EEA Financial Institution.

(l) As of the Closing Date, that no Borrower is nor will be (1) an employee benefit plan subject to Title I of ERISA, (2) a plan or account subject to Section 4975 of the Internal Revenue Code; (3) an entity deemed to hold “plan assets” of any such plans or accounts for purposes of ERISA or the Internal Revenue Code; or (4) a “governmental plan” within the meaning of ERISA.

ARTICLE V

COVENANTS OF THE COMPANY

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit is outstanding or any Lender shall have any Commitment hereunder, the Company will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA, Environmental Laws and the Patriot Act, except where failures to do so, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, and maintain in effect and enforce policies and procedures designed to ensure compliance in all material respects by the Company, its Subsidiaries and their respective officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Company nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim (x) that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained or (y) as to which failure to make payment could not reasonably be expected to result in a Material Adverse Effect.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Company or such Subsidiary operates; provided, however, that the Company and its Subsidiaries may self-insure to the extent it determines in its good faith reasonable business judgment that such insurance is consistent with prudent business practice.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that the foregoing shall not prohibit (i) any merger or consolidation permitted under Section 5.02(b) or any liquidation or dissolution of any Subsidiary that is not a Borrower, or (ii) failures (other than with respect to the existence of any Borrower) that, in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(e) Visitation Rights. At any reasonable time and from time to time during normal business hours, permit the Agent or any of the Lenders or any agents or representatives thereof (other than financial advisors or similar persons), to examine and make abstracts from the records and books of account of, and visit the properties of, the Company and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Company and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants (in the presence of the officers of the Company or such Subsidiary); provided that (a) except as provided in Section 9.04 hereof, any inspection by any Lender or the Agent or any such representative shall be at such Lender's or the Agent's own expense, as applicable, (b) the Lenders shall coordinate the timing of their inspections and provide reasonable notice thereof and (c) unless an Event of Default shall have occurred and be continuing, such inspections, visitations and/or examinations shall be limited to once during any calendar year for each Lender.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made in a manner sufficient to enable the Company to prepare consolidated financial statements in accordance with GAAP.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, except where all failures to do so could not reasonably be expected to have a Material Adverse Effect.

(h) Transactions with Affiliates. Conduct, and cause each of its Wholly-Owned Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates on terms no less favorable in any material respect to the Company or such Subsidiary than it would obtain in its good faith judgment in a comparable arm's-length transaction with a Person not an Affiliate, except for: (i) transactions between the Company

and its Subsidiaries or between the Company's Subsidiaries; (ii) any compensation or similar arrangements approved by the board of directors or other governing body of the Company or the respective Subsidiary or entered into in the ordinary course of business; (iii) issuances of Equity Securities of the Company; (iv) transactions existing on the Restatement Date; and (v) transactions with Fuji Xerox, any Finance SPE or any Subsidiary, joint venture or other arrangement created in connection with any Third-Party Vendor Financing Program or any other receivables financing, and the provision of billing, collection and other services in connection with the foregoing.

(i) Reporting Requirements. Furnish to the Agent for distribution to each Lender:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Company, the Consolidated balance sheet of the Company and its Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Company and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by a Financial Officer as having been prepared in accordance with GAAP and a certificate of a Financial Officer (x) certifying whether or not any Responsible Officer has knowledge as to whether a Default has occurred and is continuing and, if a Default has occurred and is continuing, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (y) setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03;

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Company, a copy of the annual audit report for such year for the Company and its Subsidiaries, containing the Consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Company and its Subsidiaries for such fiscal year, in each case accompanied by an opinion without qualification by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing and a certificate of a Financial Officer (x) certifying whether or not any Responsible Officer has knowledge as to whether a Default has occurred and is continuing and, if a Default has occurred and is continuing, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (y) setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03;

(iii) promptly after a Responsible Officer has knowledge of the occurrence of each Default continuing on the date of such statement, a statement of a Financial Officer setting forth details of such Default and the action that the Company has taken and proposes to take with respect thereto;

(iv) promptly after the filing thereof, copies of all periodic reports, proxy statements and current reports on Form 8-K that the Company files with the SEC;

(v) promptly after a Responsible Officer has knowledge of the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Company or any of its Subsidiaries of the type described in Section 4.01(f); and

(vi) such other information regarding the operations, business affairs and financial condition of the Company or any of its Subsidiaries, or regarding compliance with this Agreement, as any Lender through the Agent may from time to time reasonably request;

The Company shall be deemed to have delivered the financial statements and other information referred to in subclauses (i), (ii), (iv) and (v) of this Section 5.01(i), when (A) such SEC filings, financials or other information have been posted on the Internet website of the SEC (<http://www.sec.gov>) or on the Company's own internet website as previously identified to the Agent and Lenders and (B) the Company has notified the Agent by electronic mail of such posting. If the Agent or a Lender requests such SEC filings, financial statements or other information to be delivered to it in hard copies, the Company shall furnish to the Agent or such Lender, as applicable, such statements accordingly, provided that no such request shall affect that such SEC filings, financial statements or other information have been deemed to have been delivered in accordance with the terms of the immediately preceding sentence.

(j) Covenant to Guarantee Obligations. (i) On any date after the Restatement Date that any Domestic Subsidiary incurs any Debt of the types described in clause (g) or (h) of the definition of "Debt" in respect of Guaranteed Debt (as defined in the definition of "Debt") for borrowed money of the Company having an outstanding principal amount of more than \$100,000,000, or (ii) on any date after the Restatement Date following a written request by the Company to the Agent stating the Company's intention to add a Guarantor hereunder, then the Company shall, at its own expense:

(A) promptly and in any event within 10 Business Days after such incurrence, cause each such Domestic Subsidiary to duly execute and deliver to the Agent a guaranty, in form and substance reasonably satisfactory to the Agent, guaranteeing the obligations of the Borrowers under this Agreement and the Notes (x) in the case of clause (i) above, to the same extent as such Domestic Subsidiary guarantees such Guaranteed Debt for borrowed money of the Company, or (y) in the case of clause (ii) above, pursuant to a guaranty that is substantially similar to Article VII hereof and in form and substance reasonably satisfactory to the Agent; and

(B) upon the request of the Agent in its sole discretion, deliver to the Agent within 30 days after such request a signed copy of a favorable opinion, addressed to the Agent and the Lenders, of counsel for such Domestic Subsidiary reasonably acceptable to the Agent as to such guaranties, guaranty supplements,

being legal, valid and binding obligations of each Domestic Subsidiary party thereto enforceable in accordance with their terms.

provided, however, that any guaranty by a Domestic Subsidiary shall be terminated upon the request of the Company delivered to the Agent, provided that any guaranty delivered in accordance with Section 5.01(j)(i) shall be terminated only upon delivery by the Company to the Agent of evidence of (x) the payment in full and satisfaction of all of the obligations relating to the Guaranteed Debt for borrowed money of the Company that caused the incurrence of Debt by such Domestic Subsidiary or (y) the release and discharge in full of the guaranty in respect of such Guaranteed Debt.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit is outstanding or any Lender shall have any Commitment hereunder, the Company will not:

(a) Liens, Etc. Create or suffer to exist, or permit any of its Material Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Material Subsidiaries to assign, any right to receive income, in each case to secure Debt of any Person, other than:

(i) Permitted Liens;

(ii) (x) the Liens existing on the Restatement Date and described on Schedule 5.02(a) hereto and (y) other Liens existing on the Restatement Date that secure Debt existing on the Restatement Date the aggregate outstanding principal amount of which does not exceed \$50,000,000;

(iii) Liens under any Qualified Receivables Transaction or Third-Party Vendor Financing Programs;

(iv) purchase money Liens upon or in any real property, equipment or any fixed or capital assets acquired or held by the Company or any Material Subsidiary to secure the purchase price of such property, equipment or assets or to secure Debt incurred solely for the purpose of financing the acquisition, construction or improvement of such property, equipment or assets, in each case created within 180 days of any such acquisition or the completion of such construction or improvement, or Liens existing on such property, equipment or assets at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property), or Liens securing capital lease obligations;

(v) any Lien existing on any property before the acquisition thereof by the Company or any Subsidiary of the Company, and Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any Subsidiary of the Company or becomes a Material Subsidiary of the Company;

provided that such Liens were not created in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with the Company or such Subsidiary or acquired by the Company or such Subsidiary;

(vi) other Liens securing Debt which does not exceed (without duplication) at the time such Lien is created an aggregate principal amount of \$500,000,000 outstanding, provided that Liens permitted under this clause (vi) together with Debt permitted under Section 5.02(c)(viii) below shall not exceed (without duplication) an aggregate principal amount of \$750,000,000 at any time outstanding;

(vii) the replacement, extension or renewal of any Lien permitted by clause (ii), (iv) or (v) above upon or in the same property theretofore subject thereto, provided that the replacement, extension or renewal of the Debt secured thereby shall have occurred without any (A) increase in the amount thereof other than to finance fees and expenses incurred in connection with such extension, renewal, refinancing or replacement, or (B) change in any direct or contingent obligor thereunder;

(viii) Liens securing Debt owing to the Company or any of its Subsidiaries;

(ix) Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business securing obligations under Hedge Agreements designed solely to protect the Company or any of its Subsidiaries from fluctuations in interest rates, currencies or the price of commodities;

(x) Liens in favor of customs and revenue authorities arising in the ordinary course of business and as a matter of law to secure payment of customs duties in connection with the importation of goods;

(xi) Liens consisting of any rights retained by a seller or shipper of goods in such goods prior to receipt of payment therefor during the shipment of such goods from the seller to the buyer;

(xii) Liens consisting of the rights of consignors of goods, whether or not perfected;

(xiii) Liens in favor of lessors securing obligations (not constituting Debt) under operating leases; and

(xiv) any financing statement reflecting a security interest that would otherwise be permitted under this Section 5.02(a).

(b) Mergers, Etc. Merge or consolidate with or into any Person, or permit any of its Material Subsidiaries to do so, except:

- (i) mergers between the Company and its Subsidiaries in which the Company is the surviving entity;
- (ii) mergers between Subsidiaries of the Company, provided that if one of such Subsidiaries is a Borrower hereunder, the surviving entity is, or becomes, a Borrower hereunder;
- (iii) mergers with a third-party in which the Company is the surviving entity or where the surviving entity is, or becomes, a Subsidiary of the Company;
- (iv) mergers of a Subsidiary of the Company with a third-party as part of a sale or other disposition of all or any part of such Subsidiary not prohibited by Section 5.02(d); and
- (v) liquidations of any Subsidiary of the Company; provided that, if such Subsidiary is a Borrower, its parent is or becomes a Borrower;

provided, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(c) Subsidiary Debt. Permit any of its Wholly-Owned Subsidiaries that are not Guarantors to create or suffer to exist any Debt, other than:

- (i) Debt in connection with Qualified Receivables Transactions and Third-Party Vendor Financing Programs;
- (ii) Debt existing on the Restatement Date;
- (iii) Debt owed to the Company or to any Subsidiary of the Company;
- (iv) Debt (including, without limitation, capital leases) incurred solely for the purpose of financing the acquisition, construction or improvement of any real property, business, equipment or fixed or capital asset acquired or held by the Company or any Subsidiary, in each case incurred within 180 days of any such acquisition, construction or improvement;
- (v) Debt secured by Liens permitted under Section 5.02(a)(v) and Debt existing at the time any Person is merged into or consolidated with the Company or any Subsidiary of the Company or becomes a Subsidiary of the Company;
- (vi) Debt incurred by Foreign Subsidiaries for working capital purposes or otherwise in the ordinary course of business (but excluding, in any event, any public capital markets Debt);
- (vii) Debt in respect of acceptances, letters of credit or similar extensions of credit that (A) do not support obligations for borrowed money prohibited hereby

and (B) are not drawn upon (or, if drawn upon, are reimbursed within five Business Days following payment thereof);

(viii) other Debt which, together with Debt secured by Liens permitted under Section 5.02(a)(vi) above, does not exceed (without duplication) at the time such Debt is incurred an aggregate principal amount of \$750,000,000 outstanding;

(ix) indorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(x) Debt arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, provided that such Debt is extinguished within five Business Days of incurrence;

(xi) Debt under direct or indirect guarantees in respect of, or obligations (contingent or otherwise) to purchase or acquire, or otherwise to assure a creditor against loss in respect of, Debt of another Wholly-Owned Subsidiary of the Company not prohibited by this Section 5.02(c);

(xii) Debt extending the maturity of, or refunding or refinancing, in whole or in part, the Debt existing or permitted to be incurred under clauses (ii), (iv) and (v) above or Debt incurred by a Finance SPE, provided that such extension, renewal, refinancing or replacement shall have occurred without (A) increase in the amount thereof other than to finance fees and expenses incurred in connection with such extension, renewal, refinancing or replacement, or (B) unless the Debt extending, renewing, refinancing or replacing secured Debt is unsecured, any change in any direct or contingent obligor thereunder;

(xiii) Debt under this Agreement and the Notes; and

(xiv) Debt of the type permitted to be secured under Section 5.02(a)(ix) (whether or not secured by Liens).

(d) Sale of All or Substantially All Assets. Sell, lease, transfer or otherwise dispose of all or substantially all of its assets, in each case for the Company and the Company and its Subsidiaries taken as a whole, except in connection with (i) a transaction authorized by Section 5.02(b) or (ii) any Qualified Receivables Transaction or Third-Party Vendor Financing Programs. For the avoidance of doubt, the Company and its Subsidiaries may sell inventory and excess, damaged, obsolete or worn-out assets, in each case in the ordinary course of business.

(e) Payment Restrictions Affecting Subsidiaries. Directly or indirectly, enter into or suffer to exist, or permit any of its Material Subsidiaries to enter into or suffer to exist, any agreement or arrangement limiting the ability of any of its Material Subsidiaries (x) to create or permit to exist any Lien on any of its property or (y) to declare or pay

dividends or other distributions in respect of its Equity Interests or repay or prepay any Debt owed to, make loans or advances to, or otherwise transfer assets to or make investments in, the Company or any Material Subsidiary of the Company (including through a covenant restricting dividends, loans, asset transfers or investments or a financial covenant which has the effect thereof), except (i) restrictions, limitations, conditions and prohibitions existing on the Restatement Date, (ii) restrictions, limitations, conditions and prohibitions under or imposed by any indenture, agreement or instrument existing on the Restatement Date (including this Agreement) and any similar indentures, agreements or instruments to the extent such restrictions, limitations conditions and prohibitions are no more restrictive than those set forth in such existing indentures, agreements or instruments, (iii) any agreement in effect at the time a Person first became a Material Subsidiary of the Company, so long as such agreement was not entered into solely in contemplation of such Person becoming a Material Subsidiary of the Company, (iv) any restrictions consisting of customary provisions restricting assignment, subletting or other transfers contained in leases, licenses and joint ventures and other agreements so long as such restrictions do not extend to assets other than those that are the subject of such lease, license, joint venture or other agreement, (v) restrictions with respect to any asset or Subsidiary of the Company pending the close of the sale of such asset or such Subsidiary, (vi) any restriction or encumbrance on the transfer of any assets subject to the Liens permitted by Section 5.02(a), (vii) any restriction or encumbrance imposed by applicable law, regulation, court order, rule or decree (including at the direction of any regulatory agency or department), or (viii) restrictions, limitations, conditions and prohibitions imposed in respect of the types of assets subject to, and any other restrictions consisting of customary provisions in connection with, any Third-Party Vendor Financing Program or any Qualified Receivables Transaction.

(f) Change in Nature of Business. Engage, together with its Wholly-Owned Subsidiaries (other than IP Companies), in any business as their principal lines of business, taken as a whole, other than the principal lines of business engaged in by the Company and its Subsidiaries, taken as a whole, on the Restatement Date and similar or related businesses. For purposes of the foregoing, “IP Company” means any Person, whether now existing or hereafter formed, in which the Company or any of its Wholly-Owned Subsidiaries owns or acquires any Equity Interests, which Person has, as its sole primary business, one or more of the following: (i) research and development, (ii) the generation or management of intellectual property, (iii) the commercialization or maximization of the value of intellectual property developed by or transferred to such Person by the Company or one or more of its Wholly-Owned Subsidiaries, and (iv) activities incidental thereto.

(g) Use of Proceeds. Request, or permit any other Borrower to request, any Borrowing or Letter of Credit, or directly use or knowingly indirectly use, or permit any other Borrower, its Subsidiaries or its or their respective directors, officers, employees and agents to directly use or knowingly indirectly use, the proceeds of any Borrowing or Letter of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in material violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned

Country, unless, with respect to this clause (ii), the proceeds are used for activities or business authorized pursuant to a specific or general license, license exception, license exemption, other exception or exemption, or other permit or authorization from the applicable governmental authorities (such authorities to include, at all times, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State and any other applicable U.S. governmental authorities) or are otherwise authorized by applicable law or (iii) in any manner that would result in the material violation of any Sanctions applicable to any party hereto.

SECTION 5.03. Financial Covenants. So long as any Advance shall remain unpaid, any Letter of Credit is outstanding or any Lender shall have any Commitment hereunder, the Company will, with respect to each Fiscal Quarter occurring after the Restatement Date:

(a) Leverage Ratio. Maintain a ratio of Debt for Borrowed Money as of the end of such Fiscal Quarter to Consolidated EBITDA for the period of four Fiscal Quarters then ended of not greater than 4.25:1.

(b) Interest Coverage Ratio. Maintain a ratio of Consolidated EBITDA to Consolidated Interest Expense, in each case for the period of four Fiscal Quarters then ended of not less than 3.00:1.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Company or any other Borrower shall fail to pay any principal of any Advance or any reimbursement obligation in respect of a Letter of Credit when the same becomes due and payable; or the Company or any other Borrower shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under this Agreement or any Note within five Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by any Borrower herein or by any Borrower in connection with this Agreement or by any Designated Subsidiary in the Designation Agreement pursuant to which such Designated Subsidiary became a Borrower hereunder shall prove to have been incorrect in any material respect when made; or

(c) (i) The Company shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(d) (with respect to any Borrower), (h), (i)(iii) or (i)(v), 5.02 or 5.03, (ii) the Company shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(i)(i), (ii), (iv) or (vi) if such failure shall remain

unremedied for five Business Days after written notice thereof shall have been given to the Company by the Agent at the request of any Lender, or (iii) the Company shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by the Agent at the request of any Lender; or

(d) The Company or any of its Wholly-Owned Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal amount, or net obligations in respect of Hedge Agreements, of at least \$100,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Company or such Wholly-Owned Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt or Hedge Agreement obligations and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or Hedge Agreement obligations; or any such Debt or Hedge Agreement obligations shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption, or in the case of secured Debt that becomes due as a result of a voluntary sale or transfer of the property securing such Debt), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt or Hedge Agreement obligations shall be required to be made (other than in the case of secured Debt that becomes due as a result of a voluntary sale or transfer of the property securing such Debt), in each case prior to the stated maturity thereof; or

(e) The Company, any of its Material Subsidiaries or any other Borrower shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Company, any of its Material Subsidiaries or any other Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Company, any of its Material Subsidiaries or any other Borrower shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Judgments or orders for the payment of money in excess of \$100,000,000 in the aggregate shall be rendered against the Company or any of its Wholly-Owned Subsidiaries and either (i) enforcement proceedings to attach or levy upon any assets of the Company or its Wholly-Owned Subsidiaries shall have been commenced by any creditor to enforce such judgment or order or (ii) such judgment or order shall not be discharged and there shall be any period of 45 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; provided, however, that any such judgment or order shall not be subject to this Section 6.01(f) to the extent and for so long as (x) the amount of such judgment or order is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (y) such insurer, which shall be rated at least “A-” by A.M. Best Company, has been notified of, and has not denied in writing the claim made for payment of, the amount of such judgment or order; or

(g) (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Company (or other securities convertible into such Voting Stock) representing 35% or more of the combined voting power of all Voting Stock of the Company; or (ii) during any period of up to 24 consecutive months, commencing after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of the Company, together with individuals who were either (x) elected by a majority of the remaining members of the board of directors of the Company, (y) nominated for election by a majority of the remaining members of the board of directors of the Company or (z) appointed by directors so nominated, shall cease for any reason to constitute a majority of the board of directors of the Company; or

(h) The Company or any of its ERISA Affiliates shall incur, or shall be reasonably likely to incur liability in excess of \$100,000,000 in the aggregate in any year as a result of one or more of the following: (i) the occurrence of any ERISA Event; (ii) the partial or complete withdrawal of the Company or any of its ERISA Affiliates from a Multiemployer Plan; or (iii) the reorganization or termination of a Multiemployer Plan; or

(i) so long as any Subsidiary of the Company is a Borrower, any provision of Article VII shall for any reason cease to be valid and binding on or enforceable against the Company, or the Company shall so state in writing; or

(j) so long as any Subsidiary of the Company is a Borrower, 80% (or, in the case of PARC, 90%) of the Equity Interest of such Borrower shall for any reason cease to be owned, directly or indirectly, by the Company;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrowers, declare the obligation of each Lender to make Advances (other than Advances to be made by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice

to the Borrowers, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Company or any other Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances (other than Advances to be made by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by each Borrower.

SECTION 6.02. Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Agent may with the consent, or shall at the request, of the Required Lenders, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon the Borrowers to, and forthwith upon such demand the Borrowers will, (a) pay to the Agent on behalf of the Lenders in same day funds at the Agent's office designated in such demand, for deposit in the L/C Cash Deposit Account, an amount equal to the aggregate Available Amount of all Letters of Credit then outstanding or (b) make such other arrangements in respect of the outstanding Letters of Credit as shall be acceptable to the Required Lenders and not more disadvantageous to the Borrowers than clause (a); provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Borrower under the Federal Bankruptcy Code, an amount equal to the aggregate Available Amount of all outstanding Letters of Credit shall be immediately due and payable to the Agent for the account of the Lenders without notice to or demand upon the Borrowers, which are expressly waived by each Borrower, to be held in the L/C Cash Deposit Account. If at any time an Event of Default is continuing the Agent determines that any funds held in the L/C Cash Deposit Account are subject to any right or claim of any Person other than the Agent and the Lenders or that the total amount of such funds is less than the aggregate Available Amount of all Letters of Credit, the Borrowers will, forthwith upon demand by the Agent, pay to the Agent, as additional funds to be deposited and held in the L/C Cash Deposit Account, an amount equal to the excess of (a) such aggregate Available Amount over (b) the total amount of funds, if any, then held in the L/C Cash Deposit Account that the Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit, to the extent funds are on deposit in the L/C Cash Deposit Account, such funds shall be applied to reimburse the Issuing Banks to the extent permitted by applicable law. After all such Letters of Credit shall have expired or been fully drawn upon and all other obligations of the Borrowers hereunder and under the Notes shall have been paid in full, the balance, if any, in such L/C Cash Deposit Account shall be returned to the Borrowers.

ARTICLE VII

GUARANTY

SECTION 7.01. Unconditional Guaranty. The Company hereby absolutely, unconditionally and irrevocably guarantees the punctual payment when due, whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of all obligations of each other Borrower now or hereafter existing under or in respect of this Agreement and the Notes (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (such obligations being the “Guaranteed Obligations”), and agrees to pay any and all out-of-pocket expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by the Agent or any Lender in enforcing any rights under this Agreement. Without limiting the generality of the foregoing, the Company’s liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by such Borrower to the Agent or any Lender under or in respect of this Agreement and the Notes but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such Borrower.

SECTION 7.02. Guaranty Absolute. (a) The Company guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of this Agreement and the Notes, regardless of any law, regulation, decree or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent or any Lender with respect thereto. The obligations of the Company under or in respect of this Guaranty are independent of the Guaranteed Obligations or any other obligations of any other Borrower under or in respect of this Agreement and the Notes, and a separate action or actions may be brought and prosecuted against the Company to enforce this Guaranty, irrespective of whether any action is brought against any Borrower or whether any Borrower is joined in any such action or actions. The guaranty hereunder is a guaranty of payment and not of collection. The liability of the Company under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and the Company hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

- (a) any lack of validity or enforceability of this Agreement, any Note or any agreement or instrument relating thereto;
- (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other obligations of any Borrower under or in respect of this Agreement and the Notes, or any other amendment or waiver of or any consent to departure from this Agreement or any Note, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Borrower or any of its Subsidiaries or otherwise;
- (c) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guaranty, for all or any of the Guaranteed Obligations;

(d) any manner of application of any collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any collateral for all or any of the Guaranteed Obligations or any other obligations of any Borrower under this Agreement and the Notes or any other assets of any Borrower or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of any Borrower or any of its Subsidiaries;

(f) any failure of the Agent or any Lender to disclose to the Company any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any Borrower now or hereafter known to the Agent or such Lender (the Company waiving any duty on the part of the Agent and the Lenders to disclose such information);

(g) the failure of any other Person to execute or deliver this Guaranty or any other guaranty or agreement or the release or reduction of liability of the Company or other guarantor or surety with respect to the Guaranteed Obligations; or

(h) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Agent or any Lender that might otherwise constitute a defense available to, or a discharge of, any Borrower or any other guarantor or surety (other than payment of such Guaranteed Obligations).

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Agent or any Lender or any other Person upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made.

SECTION 7.03. Waivers and Acknowledgments. (a) The Company hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that the Agent or any Lender protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Borrower or any other Person or any collateral.

(b) The Company hereby unconditionally and irrevocably waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) The Company hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by the Agent or any Lender that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of the Company or other rights of the Company to proceed against any Borrower, any other

guarantor or any other Person or any collateral and (ii) any defense based on any right of set-off or counterclaim against or in respect of the obligations of the Company hereunder (other than payment of such Guaranteed Obligations).

(d) The Company hereby unconditionally and irrevocably waives any duty on the part of the Agent or any Lender to disclose to the Company any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any Borrower or any of its Subsidiaries now or hereafter known by the Agent or such Lender.

(e) The Company acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by this Agreement and the Notes and that the waivers set forth in Section 7.02 and this Section 7.03 are knowingly made in contemplation of such benefits.

SECTION 7.04. Subrogation. The Company hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against any Borrower or any other insider guarantor that arise from the existence, payment, performance or enforcement of the Company's obligations under or in respect of this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Agent or any Lender against any Borrower or any other insider guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Borrower or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, all Letters of Credit shall have expired or been terminated and the Commitments shall have expired or been terminated. If any amount shall be paid to the Company in violation of the immediately preceding sentence at any time prior to the latest of (a) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty, (b) the latest Termination Date of any Lender and (c) the latest date of expiration or termination of all Letters of Credit, such amount shall be received and held in trust for the benefit of the Agent and the Lenders, shall be segregated from other property and funds of the Company and shall forthwith be paid or delivered to the Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of this Agreement and the Notes, or to be held as collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. If (i) the Company shall make payment to the Agent or any Lender of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, (iii) the latest Termination Date of any Lender shall have occurred and (iv) all Letters of Credit shall have expired or been terminated, the Agent and the Lenders will, at the Company's request and expense, execute and deliver to the Company appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by

subrogation to the Company of an interest in the Guaranteed Obligations resulting from such payment made by the Company pursuant to this Guaranty.

SECTION 7.05. Subordination. The Company hereby subordinates any and all debts, liabilities and other obligations owed to the Company by any Borrower (the "Subordinated Obligations") to the Guaranteed Obligations to the extent and in the manner hereinafter set forth in this Section 7.05:

(a) Prohibited Payments, Etc. Except during the continuance of an Event of Default for which the Agent has notified the Company that remedies will be exercised pursuant to this Agreement (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to such Borrower), the Company may receive regularly scheduled payments from such Borrower on account of the Subordinated Obligations. After the occurrence and during the continuance of any Event of Default (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to such Borrower) for which the Agent has notified the Company that remedies will be exercised pursuant to this Agreement, the Company shall not demand, accept or take any action to collect any payment on account of the Subordinated Obligations unless the Required Lenders otherwise agree.

(b) Prior Payment of Guaranteed Obligations. In any proceeding under any Bankruptcy Law relating to such Borrower, the Company agrees that the Agent and the Lenders shall be entitled to receive payment in full in cash of all Guaranteed Obligations (including all interest and expenses accruing after the commencement of a proceeding under any Bankruptcy Law, whether or not constituting an allowed claim in such proceeding ("Post Petition Interest")) before the Company receives payment of any Subordinated Obligations.

(c) Turn-Over. After the occurrence and during the continuance of any Event of Default for which the Agent has notified the Company that remedies will be exercised pursuant to this Agreement (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to such Borrower), the Company shall, if the Agent so requests, collect, enforce and receive payments on account of the Subordinated Obligations as trustee for the Agent and the Lenders and deliver such payments to the Agent on account of the Guaranteed Obligations (including all Post Petition Interest), together with any necessary endorsements or other instruments of transfer, but without reducing or affecting in any manner the liability of the Company under the other provisions of this Guaranty.

(d) Agent Authorization. After the occurrence and during the continuance of any Event of Default for which the Agent has notified the Company that remedies will be exercised pursuant to this Agreement (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to such Borrower), the Agent is authorized and empowered (but without any obligation to so do), in its discretion, (i) in the name of the Company, to collect and enforce, and to submit claims in respect of, Subordinated Obligations and to apply any amounts received thereon to the Guaranteed Obligations

(including any and all Post Petition Interest), and (ii) to require the Company (A) to collect and enforce, and to submit claims in respect of, Subordinated Obligations and (B) to pay any amounts received on such obligations to the Agent for application to the Guaranteed Obligations (including any and all Post Petition Interest).

SECTION 7.06. Continuing Guaranty; Assignments. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty, (ii) the Termination Date and (iii) the latest date of expiration or termination of all Letters of Credit, (b) be binding upon the Company, its successors and assigns and (c) inure to the benefit of and be enforceable by the Agent and the Lenders and their successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, the Agent or any Lender may assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Agent or such Lender herein or otherwise, in each case as and to the extent provided in Section 9.07.

ARTICLE VIII

THE AGENT

SECTION 8.01. Appointment and Authority. Each of the Lenders and the Issuing Banks hereby irrevocably appoints Citibank to act on its behalf as the Agent hereunder and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Agent, the Lenders and the Issuing Banks, and no Borrower shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

SECTION 8.02. Rights as a Lender. The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent, and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, the Company or any Subsidiary or other

Affiliate thereof as if such Person were not the Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 8.03. Exculpatory Provisions. (a) The Agent shall not have any duties or obligations except those expressly set forth herein, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein); provided that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to this Agreement or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any debtor relief law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any debtor relief law; and

(iii) shall not, except as expressly set forth herein, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of its Affiliates that is communicated to or obtained by the Person serving as the Agent or any of its Affiliates in any capacity.

(b) The Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 9.01 and 6.01), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Agent in writing by the Company, a Lender or an Issuing Bank.

(c) The Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent.

SECTION 8.04. Reliance by Agent. The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) reasonably believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and reasonably believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of an Advance, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuing Bank, the Agent may presume that such condition is satisfactory to such Lender or Issuing Bank unless the Agent shall have received notice to the contrary from such Lender or Issuing Bank prior to the making of such Advance or the issuance of such Letter of Credit. The Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.05. Indemnification. (a) Each Lender severally agrees to indemnify the Agent, in its capacity as such (to the extent not reimbursed by the Company), from and against such Lender's Ratable Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement (collectively, the "Indemnified Costs"), provided that no Lender shall be liable for any portion of the Indemnified Costs resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Company. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 8.05 applies whether any such investigation, litigation or proceeding is brought by the Agent, any Lender or a third party.

(b) Each Lender severally agrees to indemnify the Issuing Banks, in their respective capacities as such (to the extent not promptly reimbursed by the Company), from and against such Lender's Ratable Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against any such Issuing Bank in any way relating to or arising out of this Agreement or any action taken or omitted by such Issuing Bank hereunder or in connection herewith; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Issuing Bank's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse any such Issuing Bank promptly upon demand for its Ratable Share of any costs and expenses (including, without limitation, fees and

expenses of counsel) payable by the Company under Section 9.04, to the extent that such Issuing Bank is not promptly reimbursed for such costs and expenses by the Company.

(c) The failure of any Lender to reimburse the Agent or any Issuing Bank promptly upon demand for its Ratable Share of any amount required to be paid by the Lenders to the Agent as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse the Agent or any Issuing Bank for its Ratable Share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Agent or any Issuing Bank for such other Lender's Ratable Share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 8.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes. Each of the Agent and each Issuing Bank agrees to return to the Lenders their respective Ratable Shares of any amounts paid under this Section 8.05 that are subsequently reimbursed by the Company.

SECTION 8.06. Delegation of Duties. The Agent may perform any and all of its duties and exercise its rights and powers hereunder by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Commitments as well as activities as Agent. The Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

SECTION 8.07. Resignation of Agent. (a) The Agent may at any time give notice of its resignation to the Lenders, the Issuing Banks and the Company. Upon receipt of any such notice of resignation, the Required Lenders shall have the right to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States, provided that, unless an Event of Default has occurred and is continuing, such successor Agent shall be reasonably satisfactory to the Company. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Agent may (but shall not be obligated to), on behalf of the Lenders and the Issuing Banks, appoint a successor Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Company and such Person remove such Person as Agent and appoint a successor, provided that, unless an Event of Default has occurred and is continuing, such successor Agent shall be reasonably satisfactory to the Company. If no such successor shall have been so

appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Agent shall be discharged from its duties and obligations hereunder (except that in the case of any collateral security held by the Agent on behalf of the Lenders or the Issuing Banks under this Agreement, the retiring or removed Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (2) except for any indemnity payments owed to the retiring or removed Agent, all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender and Issuing Bank directly, until such time, if any, as the Required Lenders appoint a successor Agent as provided for above. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Agent (other than any rights to indemnity payments owed to the retiring or removed Agent), and the retiring or removed Agent shall be discharged from all of its duties and obligations hereunder. The fees payable by the Company to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such successor. After the retiring or removed Agent's resignation or removal hereunder, the provisions of this Article and Section 9.04 shall continue in effect for the benefit of such retiring or removed Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Agent was acting as Agent.

SECTION 8.08. Non-Reliance on Agent and Other Lenders. Each Lender and Issuing Bank acknowledges that it has, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and Issuing Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any related agreement or any document furnished hereunder.

SECTION 8.09. No Other Duties, etc. Anything herein to the contrary notwithstanding, none of the Bookrunners or Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement, except in its capacity, as applicable, as the Agent, a Lender or an Issuing Bank hereunder.

SECTION 8.10. Lender ERISA Representation Each Lender as of the Closing Date represents and warrants as of the Closing Date to the Agent and each other Joint Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, for the benefit of the Company or

any other Borrower, that such Lender is not and will not be (i) an employee benefit plan subject to Title I of ERISA, (ii) a plan or account subject to Section 4975 of the Internal Revenue Code; (iii) an entity deemed to hold “plan assets” of any such plans or accounts for purposes of ERISA or the Internal Revenue Code that is using “plan assets” of any such plans or accounts to fund or hold Advances or perform its obligations under this Agreement; or (iv) a “governmental plan” within the meaning of ERISA.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes, nor consent to any departure by any Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all affected Lenders, do any of the following: (a) reduce the principal of, or rate of interest on, the Advances, any reimbursement obligation in respect of a Letter of Credit or any fees or other amounts payable hereunder; (b) postpone any date fixed for any payment of principal of, or interest on, the Advances, any reimbursement obligation in respect of a Letter of Credit or any fees or other amounts payable hereunder other than in accordance with Section 2.19; (c) increase the Commitments of the Lenders other than in accordance with Section 2.18 or extend the Commitments of the Lenders other than in accordance with Section 2.19; (d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Advances, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder; (e) release the Company from any of its obligations under Article VII or release any other guarantor from its obligations under its guaranty (except as expressly provided therein) or (f) amend this Section 9.01; and provided further that (x) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note, and (y) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Banks in addition to the Lenders required above to take such action, adversely affect the rights or obligations of the Issuing Banks in their capacities as such under this Agreement. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have the right to approve or disapprove any amendment, waiver or consent hereunder, except that (a) the Commitment of such Defaulting Lender may not be increased or extended without the consent of such Defaulting Lender, (b) the principal amount of any Advances outstanding to such Defaulting Lender may not be waived, forgiven or reduced without such Lender’s consent (unless all Lenders affected thereby are treated similarly) and (c) the final maturity date(s) of such Defaulting Lender’s Advances or any other extensions of credit or obligations of the Borrowers owing to such Defaulting Lender may not be extended without such Defaulting Lender’s consent.

SECTION 9.02. Notices, Etc. (a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

(i) if to the Company or any other Borrower, to it at 201 Merritt 7, Norwalk, Connecticut 06851, Attention of Vice President and Treasurer (Telephone No. 203-849-2646);

(ii) if to the Agent, to Citibank at 1615 Brett Road, Building #3, New Castle, Delaware 19720, Attention of Bank Loan Syndications (GLAgentOfficeOps@citi.com; Facsimile No. (302) 894-6120; Telephone No. (212) 994-0961);

(iii) if any Issuing Bank, to it at the address provided in writing to the Agent and the Company at the time of its appointment as an Issuing Bank hereunder;

(iv) if to a Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the Issuing Banks hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Agent, provided that the foregoing shall not apply to notices to any Lender or Issuing Bank pursuant to Article II if such Lender or Issuing Bank, as applicable, has notified the Agent that it is incapable of receiving notices under such Article by electronic communication. The Agent or any Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal

business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) Each Borrower agrees that the Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Issuing Banks and the other Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system (the "Platform").

(ii) The Platform is provided "as is" and "as available." The Agent and its Related Parties (collectively, the "Agent Parties") do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Agent Parties have any liability to the Company or the other Borrowers, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Borrower's or the Agent's transmission of communications through the Platform. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Borrower pursuant to this Agreement or the transactions contemplated herein which is distributed to the Agent, any Lender or any Issuing Bank by means of electronic communications pursuant to this Section, including through the Platform.

SECTION 9.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9.04. Costs and Expenses. (a) The Company agrees to pay on demand all documented reasonable out-of-pocket costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Company further agrees to pay on demand

all out-of-pocket costs and expenses of the Agent and the Lenders, if any, in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Agent and each Lender in connection with the enforcement of rights under this Section 9.04(a).

(b) The Company agrees to indemnify and hold harmless the Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an “Indemnified Party”) from and against any and all claims, damages, losses (other than lost profits), liabilities and documented out-of-pocket expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances or Letters of Credit or (ii) the actual presence of Hazardous Materials on any property of the Company or any of its Subsidiaries or any Environmental Action relating in any way to the Company or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party’s gross negligence, bad faith or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 9.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Company, its directors, equityholders or creditors or an Indemnified Party or any other Person, whether or not any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Company also agrees not to assert any claim for special, indirect, consequential or punitive damages against the Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances.

(c) If any payment of principal of, or Conversion of, any Eurocurrency Rate Advance is made by any Borrower to or for the account of a Lender (i) other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08, 2.10 or 2.12, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 9.07 as a result of a demand by the Company pursuant to Section 2.21 or (ii) as a result of a payment or Conversion pursuant to Section 2.08, 2.10 or 2.12, such Borrower shall, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses (other than lost profits), costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance. If the amount of the Committed Currency purchased by any Lender in the case of a Conversion or exchange of Advances in the case of Section

2.08 or 2.12 exceeds the sum required to satisfy such Lender's liability in respect of such Advances, such Lender agrees to remit to the applicable Borrower such excess.

(d) Without prejudice to the survival of any other agreement of the Borrowers hereunder, the agreements and obligations of the Borrowers contained in Sections 2.11, 2.14 and 9.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 9.05. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default under Section 6.01(a) or (b) (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of the Company or any Borrower against any and all of the obligations of the Company or any Borrower now or hereafter existing under this Agreement to such Lender and the Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Company or the applicable Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 9.06. Binding Effect. This Agreement shall become effective (other than Section 2.01, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Company and the Agent and when the Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Company, the Agent and each Lender and their respective successors and assigns, except that neither the Company nor any other Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of each of the Lenders (and any other attempted assignment or transfer by any party hereto shall be null and void).

SECTION 9.07. Assignments and Participations. (a) Successors and Assigns Generally. No Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants

to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Advances at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Advances at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Advances outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Advances of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$10,000,000 unless each of the Agent and, so long as no Event of Default has occurred and is continuing, the Company otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Advance or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among the Letter of Credit Facility and the Revolving Credit Commitments on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Company (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Agent within five Business Days after having received notice thereof;

(B) the consent of the Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of each Issuing Bank (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Credit Commitments.

(i v) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; provided that the Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) the Company or any of the Company's Affiliates or Subsidiaries or (B) any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural Person.

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Company and the Agent, the applicable pro rata share of Advances previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Agent, each Issuing Bank and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Advances and participations in Letters of Credit in accordance with its Ratable Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an

Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.11 and 9.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at one of its offices in the United States a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Advances owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Company, the Agent or any Issuing Bank, sell participations to any Person (other than a natural Person or the Company or any of the Company's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Revolving Credit Commitment and/or the Advances owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrowers, the Agent, the Issuing Banks and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 8.05 with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the proviso to Section 9.01 that affects such Participant. Each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.11, 9.04(c) and 2.14 (subject to the requirements and limitations therein, including the requirements under Section 2.14(e) (it being understood that the documentation required under Section 2.14(e) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 2.21 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive

any greater payment under Sections 2.11 or 2.14, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Company's request and expense, to use reasonable efforts to cooperate with the Company to effectuate the provisions of Section 2.21(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.05 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.15 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Advances or other obligations under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under this Agreement) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.08. Confidentiality. Neither the Agent nor any Lender may disclose to any Person any confidential, proprietary or non-public information of the Company or any of its Subsidiaries furnished to the Agent or the Lenders by the Company or any of its Subsidiaries (such information being referred to collectively herein as the "Company Information"), except that each of the Agent and each of the Lenders may disclose Company Information (i) to its and its affiliates' employees, officers, directors, agents and advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Company Information and instructed to keep such Company Information confidential on substantially the same terms as provided herein), (ii) to the extent requested by any regulatory authority, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this Agreement, (v) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section 9.08, to any assignee or Participant or prospective assignee or Participant or to any credit insurance provider, direct, indirect, actual or prospective counterparty (and its advisor) to any swap, derivative or securitization transaction related to the obligations under this Agreement, (vii) to the extent such Company

Information (A) is or becomes generally available to the public on a non-confidential basis other than as a result of a breach of this Section 9.08 by the Agent or such Lender, or (B) is or becomes available to the Agent or such Lender on a nonconfidential basis from a source other than the Company, the Agent or another Lender, (viii) to any rating agency when required by it, provided that, prior to any disclosure, such rating agency shall undertake in writing to preserve the confidentiality of any confidential information relating to the Borrowers received by it from the Agent or any Lender, (ix) disclosure on a confidential basis to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Advances and other third party service providers and (x) with the consent of the Company. In addition, the Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Agent and the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

SECTION 9.09. Designated Subsidiaries. (a) Designation. The Company may at any time, and from time to time, upon not less than 15 Business Days' notice in the case of any direct or indirect Wholly-Owned Subsidiary so designated after the Restatement Date, notify the Agent that the Company intends to designate a Subsidiary as a "Designated Subsidiary" for purposes of this Agreement. On or after the date that is 15 Business Days after such notice, upon delivery to the Agent and each Lender of a Designation Letter duly executed by the Company and the respective Subsidiary and substantially in the form of Exhibit F hereto, such Subsidiary shall thereupon become a "Designated Subsidiary" for purposes of this Agreement and, as such, shall have all of the rights and obligations of a Borrower hereunder. The Agent shall promptly notify each Lender of the Company's notice of such pending designation by the Company and the identity of the respective Subsidiary. Following the giving of any notice pursuant to this Section 9.09(a), if the designation of such Designated Subsidiary obligates the Agent or any Lender to comply with "know your customer", the Patriot Act or similar identification procedures in circumstances where the necessary information is not already available to it, the Company shall, promptly upon the request of the Agent or any Lender, supply such documentation and other evidence as is reasonably requested by the Agent or any Lender in order for the Agent or such Lender to carry out and be satisfied it has complied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations.

If the Company shall designate as a Designated Subsidiary hereunder any Subsidiary not organized under the laws of the United States or any State thereof, any Lender, subject to Section 2.14(f), may, with notice to the Agent and the Company, fulfill its Commitment by causing an Affiliate or any branch of such Lender to act as the Lender in respect of such Designated Subsidiary.

As soon as practicable after receiving notice from the Company or the Agent of the Company's intent to designate a direct or indirect Wholly-Owned Subsidiary as a Designated Subsidiary, and in any event no later than five Business Days after the delivery of such notice, for a Designated Subsidiary that is organized under the laws of a jurisdiction other than of the United States or a political subdivision thereof, any Lender that may not legally lend to, establish credit for the account of and/or do any business whatsoever with such Designated Subsidiary directly or

through an Affiliate of such Lender as provided in the immediately preceding paragraph (a “Protesting Lender”) shall so notify the Company and the Agent in writing. With respect to each Protesting Lender, the Company shall, effective on or before the date that such Designated Subsidiary shall have the right to borrow hereunder, either (A) notify the Agent and such Protesting Lender that the Commitments of such Protesting Lender shall be terminated or cause such Protesting Lender to assign all of its Commitments to an Eligible Assignee identified by the Company in accordance with Section 2.21(b); provided that such Protesting Lender shall have received payment of an amount equal to the outstanding principal of its Advances and/or Letter of Credit reimbursement obligations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company or the relevant Designated Subsidiary (in the case of all other amounts), or (B) cancel its request to designate such Subsidiary as a “Designated Subsidiary” hereunder.

(b) Termination. Upon the indefeasible payment and performance in full of all of the indebtedness, liabilities and obligations under this Agreement of any Designated Subsidiary then, so long as at the time no Notice of Borrowing or Notice of Issuance in respect of such Designated Subsidiary is outstanding, such Subsidiary’s status as a “Designated Subsidiary” shall terminate upon notice to such effect from the Agent to the Lenders (which notice the Agent shall give promptly, and only upon its receipt of a request therefor from the Company). Thereafter, the Lenders shall be under no further obligation to make any Advance hereunder to such Designated Subsidiary unless it is re-designated as a Designated Subsidiary pursuant to Section 9.09(a).

SECTION 9.10. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 9.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.12. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in Dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase Dollars with such other currency at Citibank’s principal office in London at 11:00 A.M. (London time) on the Business Day preceding that on which final judgment is given.

(b) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in a Committed Currency into Dollars, the parties agree to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase such Committed Currency with Dollars

at Citibank's principal office in London at 11:00 A.M. (London time) on the Business Day preceding that on which final judgment is given.

(c) The obligation of any Borrower in respect of any sum due from it in any currency (the "Primary Currency") to any Lender or the Agent hereunder shall, notwithstanding any judgment in any other currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Agent (as the case may be), of any sum adjudged to be so due in such other currency, such Lender or the Agent (as the case may be) may in accordance with normal banking procedures purchase the applicable Primary Currency with such other currency; if the amount of the applicable Primary Currency so purchased is less than such sum due to such Lender or the Agent (as the case may be) in the applicable Primary Currency from a Borrower, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Agent (as the case may be) against such loss, and if the amount of the applicable Primary Currency so purchased exceeds such sum due to any Lender or the Agent (as the case may be) in the applicable Primary Currency, such Lender or the Agent (as the case may be) agrees to remit to such Borrower such excess.

SECTION 9.13. Jurisdiction, Etc. (a) Each of the parties hereto irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in any such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction. Each Designated Subsidiary hereby agrees that service of process in any such action or proceeding brought in any such New York State court or in such federal court may be made upon the Company at its address set forth in Section 9.02 and each Designated Subsidiary hereby irrevocably appoints the Company its authorized agent to accept such service of process, and agrees that the failure of the Company to give any notice of any such service shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. The Company and each Designated Subsidiary hereby further irrevocably consent to the service of process in any action or proceeding in such courts by the mailing thereof by any parties hereto by registered or certified mail, postage prepaid, to the Company at its address set forth in Section 9.02. To the extent that each Designated Subsidiary has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, each Designated Subsidiary hereby irrevocably waives such immunity in respect of its obligations under this Agreement.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 9.14. Substitution of Currency. If a change in any Committed Currency occurs pursuant to any applicable law, rule or regulation of any governmental, monetary or multi-national authority, this Agreement (including, without limitation, the definition of Eurocurrency Rate) will be amended to the extent determined by the Agent (acting reasonably and in consultation with the Company) to be necessary to reflect the change in currency and to put the Lenders and the Borrowers in the same position, so far as possible, that they would have been in if no change in such Committed Currency had occurred.

SECTION 9.15. No Liability of the Issuing Banks. The Borrowers assume all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither an Issuing Bank nor any of its officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the applicable Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to such Borrower, to the extent of any direct, but not consequential, damages suffered by such Borrower that such Borrower proves were caused by such Issuing Bank's gross negligence, bad faith or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. In furtherance and not in limitation of the foregoing, such Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; provided that nothing herein shall be deemed to excuse such Issuing Bank if it acts with gross negligence, bad faith or willful misconduct in accepting such documents.

SECTION 9.16. Patriot Act Notice. Each Lender and the Agent (for itself and not on behalf of any Lender) hereby notifies each Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Lender or the Agent, as applicable, to identify each Borrower in accordance with the Patriot Act. Each Borrower shall provide such information and take such actions as are reasonably requested by the Agent or any Lenders in order to assist the Agent and the Lenders in maintaining compliance with the Patriot Act.

SECTION 9.17. Power of Attorney. Each Subsidiary of the Company may from time to time authorize and appoint the Company as its attorney-in-fact to execute and deliver (a) any amendment, waiver or consent in accordance with Section 9.01 on behalf of and in the name of such Subsidiary and (b) any notice or other communication hereunder, on behalf of and in the name of such Subsidiary. Such authorization shall become effective as of the date on which such Subsidiary delivers to the Agent a power of attorney enforceable under applicable law and any additional information to the Agent as necessary to make such power of attorney the legal, valid and binding obligation of such Subsidiary.

SECTION 9.18. No Fiduciary Duties. Each Borrower agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, such Borrower and its Affiliates, on the one hand, and the Agent, the Issuing Banks, the Lenders and their respective Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Agent, the Issuing Banks, the Lenders and or respective Affiliates and no such duty will be deemed to have arisen in connection with any such transactions or communications. The Company acknowledges that each Lender may have economic interests that conflict with those of the Company, its stockholders and/or its Affiliates.

SECTION 9.19. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in this Agreement, any Note or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

SECTION 9.20. Waiver of Jury Trial. Each of the Company, the other Borrowers, the Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

XEROX CORPORATION

By /S/ Robert Birkenholz
Name: Robert Birkenholz
Title: Corporate Vice President and
Treasurer

CITIBANK, N.A.,
as Agent

By /S/ James M. Walsh
Name: James M. Walsh
Title: Managing Director and Vice
President

Lenders

CITIBANK, N.A., as a Lender and as an
Initial Issuing Bank

By /S/ James M. Walsh

Name: James M. Walsh

Title: Managing Director and Vice
President

JPMORGAN CHASE BANK, N.A., as a
Lender and as an Initial Issuing Bank

By /S/ Bruce S. Borden

Name: Bruce S. Borden

Title: Executive Director

BANK OF AMERICA, N.A., as a Lender
and as an Initial Issuing Bank

By /S/ Lindsay Kim

Name: Lindsay Kim

Title: Vice President

BNP PARIBAS, as a Lender and as an
Initial Issuing Bank

By /S/ Brendan Heneghan

Name: Brendan Heneghan

Title: Director

By /S/ Karim Remtoula

Name: Karim Remtoula

Title: Vice President

MIZUHO BANK, LTD., as a Lender and
as an Initial Issuing Bank

By /S/ Daniel Guevara

Name: Daniel Guevara

AUTHORIZED SIGNATORY

THE BANK OF TOKYO-MITSUBISHI
UFJ, LTD., as a Lender and as an Initial
Issuing Bank

By /S/ Lillian Kim

Name: Lillian Kim

Title: Director

GOLDMAN SACHS BANK USA

By /S/ Ryan Durkin

Name: Ryan Durkin

Title: Authorized Signatory

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By /S/ Karen H. McClain

Name: Karen H. McClain

Title: Managing Director

PNC BANK, NATIONAL
ASSOCIATION

By /S/ Michael A. Richards

Name: Michael A. Richards

Title: Senior Vice President

THE BANK OF NOVA SCOTIA

By /S/ Winston Lua

Name: Winston Lua

Title: Director

SUNTRUST BANK

By /S/ Johnetta Bush

Name: Johnetta Bush

Title: Director

CREDIT AGRICOLE CORPORATE
AND INVESTMENT BANK

By /S/ Gordon Yip

Name: Gordon Yip

Title: Director

By /S/ Mark Koneval

Name: Mark Koneval

Title: Managing Director

THE BANK OF NEW YORK MELLON

By /S/ Thomas J. Tarasovich, Jr.

Name: Thomas J. Tarasovich, Jr.

Title: Vice President

U.S. BANK NATIONAL ASSOCIATION

By /S/ Paul F. Johnson

Name: Paul F. Johnson

Title: Vice President

SCHEDULE I
COMMITMENTS

<u>Name of Initial Lender</u>	<u>Revolving Credit Commitment</u>	<u>Letter of Credit Commitment</u>
Citibank, N.A.	\$175,000,000	\$41,666,666.67
JPMorgan Chase Bank, N.A.	\$175,000,000	\$41,666,666.67
Bank of America, N.A.	\$175,000,000	\$41,666,666.66
BNP Paribas	\$175,000,000	\$41,666,666.66
Mizuho Bank, Ltd.	\$175,000,000	\$41,666,666.66
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	\$175,000,000	\$41,666,666.66
Goldman Sachs Bank USA	\$110,000,000	
Wells Fargo Bank, National Association	\$110,000,000	
PNC Bank, National Association	\$110,000,000	
The Bank of Nova Scotia	\$110,000,000	
SunTrust Bank	\$110,000,000	
Credit Agricole Corporate and Investment Bank	\$110,000,000	
The Bank of New York Mellon	\$45,000,000	
U.S. Bank National Association	\$45,000,000	
Total:	\$1,800,000,000	\$250,000,000.00

FORM OF REVOLVING CREDIT PROMISSORY NOTE

U.S.\$ _____ Dated: _____, 20__

FOR VALUE RECEIVED, the undersigned, [NAME OF BORROWER], a _____ [corporation] (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender") for the account of its Applicable Lending Office on the Termination Date (each as defined in the Credit Agreement referred to below) the principal sum of U.S.\$[amount of the Lender's Revolving Credit Commitment in figures] or, if less, the aggregate outstanding principal amount of the Advances made by the Lender to the Borrower, pursuant to the Amended and Restated Credit Agreement dated as of August 9, 2017 among the Borrower, [Xerox Corporation], the other borrowers parties thereto, the Lender and certain other lenders parties thereto, and Citibank, N.A., as Agent for the Lender and such other lenders (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) outstanding on the Termination Date.

The Borrower promises to pay interest on the unpaid principal amount of each Advance made by the Lender to the Borrower from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest in respect of each Advance made by the Lender to the Borrower (i) in Dollars are payable in lawful money of the United States of America to the Agent at its account maintained at 388 Greenwich Street, New York, New York 10013, in same day funds and (ii) in any Committed Currency are payable in such currency at the applicable Payment Office in same day funds. Each Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the Dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Advance being evidenced by this Promissory Note, (ii) contains provisions for determining the Dollar Equivalent of Advances denominated in Committed Currencies and (iii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

[NAME OF BORROWER]

FORM OF NOTICE OF REVOLVING CREDIT BORROWING

Citibank, N.A., as Agent
for the Lenders parties
to the Credit Agreement
referred to below
1615 Brett Road, Building #3
New Castle, Delaware 19720

[Date]

Attention: Bank Loan Syndications Department

Ladies and Gentlemen:

The undersigned, [Name of Borrower], refers to the Amended and Restated Credit Agreement, dated as of August 9, 2017 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, [Xerox Corporation], the other borrowers parties thereto, certain Lenders parties thereto and Citibank, N.A., as Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____, 20__.

(ii) The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances] [Eurocurrency Rate Advances].

(iii) The aggregate amount of the Proposed Borrowing is \$_____ [for a Borrowing in a Committed Currency, list currency and amount of Borrowing].

[(iv) The initial Interest Period for each Eurocurrency Rate Advance made as part of the Proposed Borrowing is _____ month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement (except the representations set forth in the last sentence of subsection (e) thereof and in subsection (f)(i) thereof) and, in the case of any Borrowing made to a Designated Subsidiary, in the Designation Agreement for such Designated Subsidiary, are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date (except to the extent such representations

and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true on and as of such earlier date); and

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

Very truly yours,

[NAME OF BORROWER]

By__
Title:

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between the Assignor identified in item 1 below (the “Assignor”) and the Assignee identified in item 2 below (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities), and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the “Assigned Interest”). Each such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

[Assignor [is] [is not] a Defaulting Lender]

2. Assignee: _____

[for each Assignee, indicate [Affiliate][Approved Fund] of [identify Lender]

3. Borrower(s): _____

4. Agent: Citibank, N.A., as the administrative agent under the Credit Agreement

5.Credit Agreement: The \$1,800,000,000 Amended and Restated Credit Agreement dated as of August 9, 2017 among Xerox Corporation, the Lenders parties thereto, Citibank, N.A., as Agent, and the other agents parties thereto

6.Assigned Interest:

Assignor	Assignee	Facility Assigned	Aggregate Amount of Commitment/Advances for all Lenders	Amount of Commitment/Advances Assigned ⁸	Percentage Assigned of Commitment/Advances	CUSIP Number
			\$	\$	%	
			\$	\$	%	
			\$	\$	%	

[7. Trade Date: _____]

[Page break]

Effective Date: _____, 20__ [TO BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and] Accepted:

[NAME OF AGENT], as
Agent

By: _____
Title:

[Consented to:]

[NAME OF RELEVANT PARTY]

By: _____
Title:

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any collateral thereunder, (iii) the financial condition of any Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of the Credit Agreement, or (iv) the performance or observance by any Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under the Credit Agreement.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 9.07(b)(iii), (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 9.07(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01(i) thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, and (vii) if it is organized under the laws of a jurisdiction outside of the United States attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

The Assignee represents and warrants as of the Effective Date to the Agent, the Assignor and the respective Affiliates of each, and not, for the avoidance of doubt, for the benefit of the Company or any other Borrower, that the Assignee is not and will not be (i) an employee benefit plan subject

to Title I of ERISA, (ii) a plan or account subject to Section 4975 of the Internal Revenue Code; (iii) an entity deemed to hold “plan assets” of any such plans or accounts for purposes of ERISA or the Internal Revenue Code that is using “plan assets” of any such plans or accounts to fund or hold Advances or perform its obligations under this Agreement; or (iv) a “governmental plan” within the meaning of ERISA.

2. Payments. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves. Notwithstanding the foregoing, the Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to the Assignee.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

FORM OF OPINION OF COUNSEL FOR THE INITIAL BORROWER

August 9, 2017

Citibank, N.A.,
as Administrative Agent
1615 Brett Road, Building #3
New Castle, DE 19720

and each Lender identified on Schedule I hereto

Re: Xerox Corporation/Amended and Restated Credit Agreement

Ladies and Gentlemen:

We have acted as special counsel to Xerox Corporation, a New York corporation (the "Company"), in connection with the preparation, execution and delivery of (a) the Amended and Restated Credit Agreement dated as of the date hereof (the "Credit Agreement"), among the Company, the lenders from time to time party thereto (the "Lenders"), Citibank, N.A., as administrative agent for the Lenders (in such capacity, the "Agent"), and Citigroup Global Markets Inc., JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp., Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Joint Lead Arrangers and Joint Bookrunners, and (b) certain other agreements, instruments and documents related to the Credit Agreement. This opinion is being delivered pursuant to Section 3.01(f)(iv)(A) of the Credit Agreement. Capitalized terms used herein and not otherwise defined herein shall have the same meanings herein as ascribed thereto in the Credit Agreement.

In our examination we have assumed the genuineness of all signatures including endorsements, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as facsimile, electronic, certified or photostatic copies, and the authenticity of the originals of such copies. As to any facts material to this opinion which we did not independently establish or verify, we have relied upon statements and representations of the Company and their officers and other representatives and of public officials, including the facts and conclusions set forth therein.

In rendering the opinions set forth herein, we have examined and relied on originals or copies of the following:

- (a) an executed copy of the Credit Agreement;
 - (b) executed copies of the Notes dated the date hereof (collectively, the "Notes"), made by the Company to each of PNC Bank, National Association and [●];
-

(c) an executed copy of a certificate of Robert Birkenholz, Corporate Vice President and Treasurer of the Company, dated the date hereof, a copy of which is attached as Exhibit A hereto (the "Opinion Certificate");

(d) the Restated Certificate of Incorporation, as amended to the date hereof, as certified on August 3, 2017 by the New York Department of State and as certified to us by the Company to be in effect on the date hereof (the "Certificate of Incorporation");

(e) the By-laws of the Company, as amended to the date hereof, as certified to us by the Company to be in effect on the date hereof (the "By-laws");

(f) an executed copy of an Assistant Secretary's Certificate of the Company, dated the date hereof, certifying to, among other things, the resolutions of the Board of Directors of the Company approving the Credit Agreement and the Notes and the continuing validity, force and effect of those resolutions; and

(g) such other documents as we have deemed necessary or appropriate as a basis for the opinions set forth below.

In rendering the opinions set forth in paragraph 1 hereof, we have relied solely upon a Certificate of Status of the Company issued by the New York Department of State on August 2, 2017.

We express no opinion as to the laws of any jurisdiction other than (i) the Applicable Laws of the State of New York, and (ii) the Applicable Laws of the United States of America.

"Applicable Laws" means those laws, rules and regulations which, in our experience, are normally applicable to transactions of the type contemplated by the Credit Agreement, without our having made any special investigation as to the applicability of any specific law, rule or regulation, and which are not the subject of a specific opinion herein referring expressly to a particular law or laws. "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any governmental authority pursuant to the Applicable Laws of the State of New York or the Applicable Laws of the United States of America. "New York UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of New York (without regard to laws referenced in Section 9-201 thereof).

Based upon the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that:

1. The Company is existing under the laws of the State of New York.
 2. The Company has the corporate power and authority to execute, deliver and perform all of its obligations under the Credit Agreement and the Notes.
 3. The Credit Agreement and the Notes have been duly authorized, executed and delivered by all requisite corporate action on the part of the Company under the laws of the State of New York.
 4. The Credit Agreement and the Notes constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms under the Applicable Laws of the State of New York.
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5. Neither the execution and delivery by the Company of the Credit Agreement and the Notes nor the performance by the Company of its obligations under the Credit Agreement and the Notes will (a) conflict with the Certificate of Incorporation or By-Laws, or (b) contravene any provision of any Applicable Law of the State of New York or any Applicable Law of the United States of America.

6. No Governmental Approval, which has not been obtained or taken and is not in full force and effect, is required to authorize, or is required in connection with, the execution or delivery of the Credit Agreement and the Notes by the Company or the enforceability of the Credit Agreement and the Notes against the Company.

7. Assuming that the Company complies with the provisions of the Credit Agreement relating to the use of proceeds, the making of the loans and/or other extensions of credit under the Credit Agreement will not violate Regulation U or X of the Board of Governors of the Federal Reserve System.

Our opinions are subject to the following assumptions and qualifications:

(a) we have assumed, without any investigation, with respect to each party to the Credit Agreement other than the Company, (i) the due organization and valid existence of such party, (ii) the due authorization by such party of the Credit Agreement, (iii) the full capacity, power and authority of such party to execute, deliver and perform all of its obligations under the Credit Agreement, and (iv) the due execution and delivery of the Credit Agreement by such party;

(b) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, preference and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law);

(c) we have assumed that the Credit Agreement constitutes the valid and binding obligation of each party to the Credit Agreement (other than the Company) enforceable against each such other party in accordance with its terms;

(d) we express no opinion as to the effect on the opinions expressed herein of (i) the compliance or non-compliance of any party (other than the Company to the extent expressly set forth herein) to the Credit Agreement with any state, federal or other laws or regulations applicable to them or (ii) the legal or regulatory status or the nature of the business of any party (other than the Company to the extent expressly set forth herein);

(e) we express no opinion as to the enforceability of any rights to contribution, exculpation, indemnification, release or waiver provided for in the Credit Agreement which are violative of the public policy underlying any law, rule or regulation (including any federal or state securities law, rule or regulation);

(f) we express no opinion with respect to any provision of the Credit Agreement to the extent it excuses the issuer of a letter of credit from liability to the extent such provision is unenforceable pursuant to Section 5-103 of the New York UCC;

(g) we express no opinion on the enforceability of any provision in the Credit Agreement purporting to prohibit, restrict or condition the assignment of rights under the Credit Agreement to the extent that such prohibition, restriction or condition on assignability is ineffective pursuant to the New York UCC;

(h) we express no opinion as to the enforceability of Article VII of the Credit Agreement;

(i) we express no opinion with respect to any provision of the Credit Agreement to the extent it authorizes or permits any purchaser of a participation interest to set off or apply any deposit, property or indebtedness with respect to any participation interest;

(j) we express no opinion with respect to the enforceability of any provision contained in the Credit Agreement granting any person any right to set off or apply any deposit, property or indebtedness except to the extent that the debt between the Company and such person is a mutual debt;

(k) to the extent that any opinion relates to the enforceability of the choice of New York law and choice of New York forum provisions contained in the Credit Agreement or in the Notes, the opinions stated herein are subject to the qualification that such enforceability may be subject to in each case, (i) the exceptions and limitations in New York General Obligations Law sections 5-1401 and 5-1402 and (ii) principles of comity or constitutionality;

In rendering the foregoing opinions, we have assumed, with your consent, that:

(a) neither the execution and delivery by the Company of the Credit Agreement and the Notes nor the performance by the Company of its obligations under the Credit Agreement and the Notes (i) constitutes or will constitute a violation of, or a default under, any lease, indenture, instrument or other agreement to which the Company or its property is subject, (ii) contravenes or will contravene any rule, law or regulation to which the Company is subject (other than the Applicable Laws of the State of New York or Applicable Laws of the United States of America as to which we express our opinion in paragraph 5 herein), or (iii) violates or will violate any judicial or administrative order or decree of any governmental authority; and

(b) no authorization, consent or other approval of, notice to or filing with any court, governmental authority or regulatory body (other than Governmental Approvals as to which we express our opinion in paragraph 6 herein) is required to authorize or is required in connection with the execution, delivery or performance by the Company of the Credit Agreement or the Notes or the transactions contemplated thereby.

We understand that you are separately receiving an opinion with respect to certain of the foregoing assumptions from Sarah Hlavinka McConnell, General Counsel of the Company, and we are advised that such opinion contains qualifications. Our opinions herein stated are based on the assumptions specified above and we express no opinion as to the effect on the opinions herein stated of the qualifications contained in such other opinions.

This opinion is being furnished only to you in connection with the Credit Agreement and is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person or entity for any purpose without our prior written consent, except that any assignee that becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement may rely on this opinion as if addressed and delivered to such assignee on the date hereof; provided that each prospective assignee or assignee of any Lender may be shown this opinion, except that such prospective assignee or assignee may not rely on this opinion unless and until such prospective assignee or assignee becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement.

Very truly yours,

SCHEDULE I

LENDERS

Citibank, N.A.
JPMorgan Chase Bank, N.A.
Bank of America, N.A.
BNP Paribas
Mizuho Bank, Ltd.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Goldman Sachs Bank USA
Wells Fargo Bank, National Association
PNC Bank, National Association
The Bank of Nova Scotia
SunTrust Bank
Credit Agricole Corporate and Investment Bank
The Bank of New York Mellon
U.S. Bank National Association

FORM OF OPINION OF COUNSEL OF THE COMPANY

August __, 2017

To the Lenders and Administrative Agent parties to
the Credit Agreement
referred to below

XEROX CORPORATION

Dear Sirs:

The undersigned is General Counsel of Xerox Corporation, a New York corporation (the "Company"). As such I or other lawyers in the Office of General Counsel of the Company who report directly or indirectly to me ("my reports") are familiar with the proceedings taken by the Company in connection with the preparation, execution and delivery of the Credit Agreement and the Notes referred to below. This opinion is furnished to you pursuant to Section 3.01(f)(iv)(B) of the Amended and Restated Credit Agreement, dated as of the date hereof (the "Credit Agreement"), among the Company, the lenders party thereto (the "Lenders"), Citibank, N.A., as administrative agent for the Lenders (the "Agent"), and Citigroup Global Markets Inc., JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp., Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Joint Lead Arrangers and Joint Bookrunners. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Credit Agreement.

In rendering the opinions set forth herein, either I or my reports have examined the following:

- (1) the Credit Agreement;
- (2) the Notes issued to each of _____; and
- (3) such other documents, agreements and instruments, and such laws, rules, regulations, orders, decrees, writs, judgments, awards, injunctions, and the like, as I have deemed necessary as a basis for the opinions hereinafter expressed.

In the foregoing examination of the documents referred to above, I and my reports have assumed the authenticity of all such documents submitted to us as originals, the genuineness of all signatures (other than signatures of the Company), and the conformity to the originals of such documents submitted to us as copies. I have relied, as to factual matters, on the documents I and my reports have examined. I also have assumed that each of the lenders, the Agent and the other parties thereto (other than the Company) has duly executed and delivered, pursuant to due authorization, the Credit Agreement.

Based upon the foregoing, it is my opinion that:

- (i) There is no pending or, to my knowledge, threatened action, suit, investigation, litigation or proceeding affecting the Company or any of its Subsidiaries before any court, governmental agency or arbitrator that purports to affect the legality,
-

validity or enforceability of the Credit Agreement or any Note or the consummation of the transactions contemplated thereby.

- (ii) The due authorization, execution or delivery by the Company of the Credit Agreement and the Notes, the performance by the Company of its obligations thereunder, the consummation of the transactions contemplated by the Credit Agreement and the Notes and the fulfillment of the terms of the Credit Agreement and each of the Notes will not conflict with, result in a breach of, or constitute a default under the terms of any indenture or other material agreement or instrument to which the Company or any of the Company's subsidiaries is a party or bound, or any order, decree, judgment or regulation (other than any federal or state securities or blue sky laws, rules or regulations) known to me to be generally applicable to the Company or any of the Company's subsidiaries of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over the Company or any of the Company's subsidiaries.

My opinions are subject to the qualification that the opinions expressed herein are given as of the date hereof and I undertake no obligation and hereby disclaim any obligation to advise you of any change after the date of this opinion pertaining to any matter referred to herein.

This opinion is being furnished only to you in connection with the Credit Agreement and the Notes and is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person or entity for any purpose without my prior written consent, except that any assignee who becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement may rely on this opinion as if addressed and delivered to such assignee on the date hereof; provided that each prospective assignee or assignee of any Lender may be shown this opinion, except that such prospective assignee or assignee may not rely on this opinion unless and until such prospective assignee or assignee becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement.

Very truly yours,

Sarah Hlavinka McConnell
General Counsel

FORM OF OPINION OF COUNSEL FOR DESIGNATED SUBSIDIARY

[Date]

To each of the Lenders and Agent parties to
to the Credit Agreement
referred to below

Xerox Corporation

Ladies and Gentlemen:

This opinion is furnished to you pursuant to Section 3.02(f) of the Amended and Restated Credit Agreement dated as of August 9, 2017 (the "Credit Agreement"), among Xerox Corporation, a New York corporation (the "Company"), the lenders party thereto, Citibank N.A., as Agent, and Citigroup Global Markets Inc., JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp., Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Joint Lead Arrangers and Joint Bookrunners. Terms defined in the Credit Agreement are used herein as therein defined.

We have acted as counsel for [_____], a [corporation] organized under the laws of [_____] (the "Designated Subsidiary") in connection with the preparation, execution and delivery of the Designation Agreement dated as of [this date] between the Company and the Designated Subsidiary (the "Designation Agreement").

In that connection, we have examined:

- (1) the Designation Agreement;
 - (2) the Credit Agreement;
 - (3) the revolving notes (the "Notes") of the Designated Subsidiary contemplated by the Credit Agreement and delivered on the date hereof;
 - (4)[the [Articles] [Certificate] of Incorporation of the Designated Subsidiary and all amendments thereto (the "Charter")];
 - (5)[the by-laws and all amendments thereto (the "By-laws") and the resolutions of the [Board of Directors] of the Designated Subsidiary dated [Date], in each case, as amended and in effect as of this date];
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(6)[a certificate of the Secretary of State of _____, dated _____, 2017, attesting to the continued corporate existence and good standing of the Designated Subsidiary in that State]; and

(7)such other documents, agreements and instruments, and such laws, rules, regulations, orders, decrees, writs, judgments, awards, injunctions, and the like, as we have deemed necessary as a basis for the opinions hereinafter expressed.

We have also examined the originals, or copies certified to our satisfaction, of the documents listed in a certificate of the chief financial officer of the Designated Subsidiary, dated the date hereof (the "Certificate"), certifying that the documents listed in such certificate are all of the indentures, loan or credit agreements, guarantees, mortgages, security agreements, bonds, notes and other material agreements or instruments, and all of the orders, writs, judgments, awards, injunctions and decrees, that affect or purport to affect the Designated Subsidiary's right to borrow money or the Designated Subsidiary's obligations under the Designation Agreement, the Credit Agreement or the Notes. In our examination we have assumed the genuineness of all signatures including endorsements, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as facsimile, electronic, certified or photostatic copies, and the authenticity of the originals of such copies. As to questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon statements and representations of the Designated Subsidiary or its officers or of public officials. We have assumed the due execution and delivery, pursuant to due authorization, of the Credit Agreement by the Initial Lenders and the Agent.

Our opinions expressed below are limited to the laws of [the State of [New York], the General Corporation Law of the State of [_____] and the Federal law of the United States] / [Country].

Based upon the foregoing and upon such investigation as we have deemed necessary, we are of the following opinion:

1. The Designated Subsidiary is a [corporation] duly organized, validly existing and in good standing under the laws of [_____].

2. The execution, delivery and performance by the Designated Subsidiary of the Designation Agreement, and the consummation of the transactions contemplated by the Designation Agreement, the Credit Agreement and the Notes, are within the Designated Subsidiary's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the [Charter or the By-laws] or (ii) any law, rule or regulation applicable to the Designated Subsidiary [(including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System)] or (iii) any contractual or legal restriction contained in any document listed in the Certificate or, to our knowledge, contained in any other similar document. The Designation Agreement has been duly executed and delivered on behalf of the Designated Subsidiary.

3. [No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Designated Subsidiary of the Designation Agreement, and the consummation of the transactions contemplated by the Designation Agreement, the Credit Agreement and the Notes.] / [No authorization or approval or other action by, and no notice to or filing with, any [Country] governmental authority or [Country] regulatory body or any third party is required for (a) the due execution, delivery, recordation, filing or performance by the Designated Subsidiary of the Designation Agreement, and the consummation of the transactions contemplated by the Designation Agreement, the Credit Agreement and the Notes, except for the authorizations, approvals, actions, notices and filings that have been duly obtained, taken, given or made and are in full force and effect, or (b) the exercise by the Agent, any Lender or the Issuing Bank of its rights under the Designation Agreement, the Credit Agreement and the Notes.]

4. The Designation Agreement and the Credit Agreement are, and after giving effect to the initial Borrowing, the Notes will be, legal, valid and binding obligations of the Designated Subsidiary enforceable against the Designated Subsidiary in accordance with their respective terms.

5. There are no pending or, to our knowledge, threatened actions or proceedings against the Designated Subsidiary or any of its Subsidiaries before any court, governmental agency or arbitrator that purports to affect the legality, validity or enforceability of the Designation Agreement, the Credit Agreement or any Note or the consummation of the transactions contemplated thereby.

6. [The governing law provisions of the Designation Agreement, the Credit Agreement or any Note (which provide that such Designation Agreement, Credit Agreement or Notes shall be governed by the laws of the State of New York) are valid under the laws of [Country]. In any action or proceeding arising out of or relating to the Designation Agreement, the Credit Agreement or the Notes in any court of [Country], such court would recognize and give effect to the provisions of the Designation Agreement and Section 9.10 of the Credit Agreement wherein the parties thereto agree that the Designation Agreement, the Credit Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.]

7. [Assuming that the Designation Agreement, the Credit Agreement or any Note is the legal, valid and binding obligation of the Designated Subsidiary, enforceable against the Designated Subsidiary in accordance with its terms under the laws of the State of New York which expressly govern the Designation Agreement, the Credit Agreement or any Note, the Designation Agreement, the Credit Agreement or any Note is the legal, valid and binding obligation of the Designated Subsidiary enforceable against the Designated Subsidiary in accordance with its terms under the laws of [Country].]

8. [None of the terms of the Designation Agreement, the Credit Agreement or any Note violates an important public policy of [Country].]

9. [A judgment obtained from any federal or state court of the United States in respect of any of the Designation Agreement, the Credit Agreement or any Note would be enforceable without reconsideration on the merits in the courts of [Country].]

The opinions set forth above are subject to the following assumptions and qualifications:

(a) Our opinion in paragraph 4 above as to enforceability is subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar law affecting creditors' rights generally.

(b) Our opinion in paragraph 4 above³ as to enforceability is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(c) We express no opinion as to (i) Section 2.14 of the Credit Agreement insofar as it provides that any Lender purchasing a participation from another Lender pursuant thereto may exercise set-off or similar rights with respect to such participation and (ii) the effect of the law of any jurisdiction other than [_____] wherein any Lender may be located or wherein enforcement of the Designation Agreement, the Credit Agreement or the Notes may be sought that limits the rates of interest legally chargeable or collectible.

(d) [Other assumptions and qualifications reasonably acceptable to the Agent to be added.]

This opinion is being furnished only to you in connection with the Credit Agreement and is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person or entity for any purpose without our prior written consent, except that any assignee that becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement may rely on this opinion as if addressed and delivered to such assignee on the date hereof; provided that each prospective assignee or assignee of any Lender may be shown this opinion, except that such prospective assignee or assignee may not rely on this opinion unless and until such prospective assignee or assignee becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement.

Very truly yours,

FORM OF COMMITMENT INCREASE OPINION OF COUNSEL FOR THE COMPANY

[Date]

Citibank, N.A.,
as Administrative Agent
1615 Brett Road, Building #3
New Castle, DE 19720

and each Lender identified on Schedule I hereto

Re: Xerox Corporation/Amended and Restated Credit Agreement

Ladies and Gentlemen:

We have acted as special counsel to Xerox Corporation, a New York corporation (the "Company"), in connection with the preparation, execution and delivery of (a) the Amended and Restated Credit Agreement dated as of [●], 2017 (the "Credit Agreement"), among the Company, the lenders from time to time party thereto (the "Lenders"), Citibank, N.A., as administrative agent for the Lenders (in such capacity, the "Agent"), and Citigroup Global Markets Inc., JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp., Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Joint Lead Arrangers and Joint Bookrunners, and (b) certain other agreements, instruments and documents related to the Credit Agreement. This opinion is being delivered pursuant to Section 2.18(d)(i) of the Credit Agreement. Capitalized terms used herein and not otherwise defined herein shall have the same meanings herein as ascribed thereto in the Credit Agreement.

In our examination we have assumed the genuineness of all signatures including endorsements, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as facsimile, electronic, certified or photostatic copies, and the authenticity of the originals of such copies. As to any facts material to this opinion which we did not independently establish or verify, we have relied upon statements and representations of the Company and their officers and other representatives and of public officials, including the facts and conclusions set forth therein.

In rendering the opinions set forth herein, we have examined and relied on originals or copies of the following:

- (a) an executed copy of the Credit Agreement;
 - (b) executed copies of the Notes issued to each of _____;
-

(c) a certificate of _____, Corporate Vice President and Treasurer of the Company, dated the date hereof, a copy of which is attached as Exhibit A hereto (the "Opinion Certificate");

(d) the Restated Certificate of Incorporation, as amended to the date hereof, as certified on _____, 20__ by the New York Department of State and as certified to us by the Company to be in effect on the date hereof (the "Certificate of Incorporation");

(e) the By-laws of the Company, as amended to the date hereof, as certified to us by the Company to be in effect on the date hereof (the "By-laws");

(f) an Assistant Secretary's Certificate of the Company, dated as of the date hereof, certifying to, among other things, the resolutions of the Board of Directors of the Company approving the Credit Agreement and the Notes and the continuing validity, force and effect of those resolutions; and

(g) such other documents as we have deemed necessary or appropriate as a basis for the opinions set forth below.

In rendering the opinions set forth in paragraph 1 hereof, we have relied solely upon a Certificate of Status of the Company issued by the New York Department of State on _____, 20__.

We express no opinion as to the laws of any jurisdiction other than (i) the Applicable Laws of the State of New York and (ii) the Applicable Laws of the United States of America (including, without limitation, Regulations U and X of the Federal Reserve Board).

"Applicable Laws" shall mean those laws, rules and regulations which, in our experience, are normally applicable to transactions of the type contemplated by the Credit Agreement, without our having made any special investigation as to the applicability of any specific law, rule or regulation, and which are not the subject of a specific opinion herein referring expressly to a particular law or laws. "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any governmental authority pursuant to the Applicable Laws of the State of New York or the Applicable Laws of the United States of America. "New York UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of New York (without regard to laws referenced in Section 9-201 thereof).

Based upon the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that:

1. The Company is validly existing and in good standing under the laws of the State of New York.
-

2. The Company has the corporate power and authority to execute, deliver and perform the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes and the consummation by the Company of the transactions contemplated thereby have been duly authorized by all requisite corporate or similar action by the Company.

3. The Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes have been duly executed and delivered by the Company.

4. The Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms under the Applicable Laws of the State of New York.

5. Neither the execution, delivery or performance by the Company of the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes nor the compliance by the Company with the terms and provisions thereof will (a) conflict with or result in a breach of the Certificate of Incorporation or By-Laws, or (b) contravene any provision of any Applicable Law of the State of New York or any Applicable Law of the United States of America.

6. No Governmental Approval, which has not been obtained or taken and is not in full force and effect, is required to authorize, or is required in connection with, the execution or delivery of the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes by the Company or the enforceability of the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) against the Company.

Our opinions are subject to the following assumptions and qualifications:

(a) we have assumed, without any investigation, with respect to each party to the Credit Agreement other than the Company, (i) the due organization and valid existence of such party, (ii) the due authorization by such party of the Credit Agreement, (iii) the full capacity, power and authority of such party to execute, deliver and perform all of its obligations under the Credit Agreement, and (iv) the due execution and delivery of the Credit Agreement by such party;

(b) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law);

(c) we have assumed that the Credit Agreement constitutes the valid and binding obligation of each party to the Credit Agreement (other than the Company) enforceable against each such other party in accordance with its terms;

(d) we express no opinion as to the effect on the opinions expressed herein of (i) the compliance or non-compliance of any party (other than the Company) to the extent expressly

set forth herein) to the Credit Agreement with any state, federal or other laws or regulations applicable to them or (ii) the legal or regulatory status or the nature of the business of any party (other than the Company to the extent expressly set forth herein);

(e) we express no opinion as to the enforceability of any rights to contribution or indemnification provided for in the Credit Agreement which are violative of the public policy underlying any law, rule or regulation (including any federal or state securities law, rule or regulation);

(f) we express no opinion with respect to any provision of the Credit Agreement to the extent it excuses the issuer of a letter of credit from liability to the extent such provision is unenforceable pursuant to Section 5-103 of the UCC;

(g) we express no opinion on the enforceability of any provision in the Credit Agreement purporting to prohibit, restrict or condition the assignment of rights under the Credit Agreement to the extent such restriction on assignability is governed by the New York UCC;

(h) we express no opinion as to the enforceability of Article VII of the Credit Agreement; and

(i) we express no opinion with respect to any provision of the Credit Agreement to the extent it authorizes or permits any purchaser of a participation interest to set-off or apply any deposit, property or indebtedness with respect to any participation interest.

In rendering the foregoing opinions, we have assumed, with your consent, that:

(a) the execution, delivery and performance by the Company of any of its obligations under the Credit Agreement and the Notes does not and will not conflict with, contravene, violate or constitute a default under (i) any lease, indenture, instrument or other agreement to which the Company or its property is subject, (ii) any rule, law or regulation to which the Company is subject (other than the Applicable Laws of the State of New York or Applicable Laws of the United States of America as to which we express our opinion in paragraph 5 herein) or (iii) any judicial or administrative order or decree of any governmental authority; and

(b) no authorization, consent or other approval of, notice to or filing with any court, governmental authority or regulatory body (other than Governmental Approvals as to which we express our opinion in paragraph 6 herein) is required to authorize or is required in connection with the execution, delivery or performance by the Company of the Credit Agreement or the Notes or the transactions contemplated thereby.

[Other assumptions and qualifications reasonably acceptable to the Agent to be added.]

We understand that you are separately receiving an opinion with respect to certain of the foregoing assumptions from _____, General Counsel of the Company, and we are advised that such opinion contains qualifications. Our opinions herein stated are based on the assumptions specified above and we express no opinion as to the effect on the opinions herein stated of the qualifications contained in such other opinions.

This opinion is being furnished only to you in connection with the Credit Agreement and is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person or entity for any purpose without our prior written consent, except that any assignee that becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement may rely on this opinion as if addressed and delivered to such assignee on the date hereof; provided that each prospective assignee or assignee of any Lender may be shown this opinion, except that such prospective assignee or assignee may not rely on this opinion unless and until such prospective assignee or assignee becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement.

Very truly yours,

SCHEDULE I

LENDERS

[]



FORM OF COMMITMENT INCREASE OPINION OF GENERAL COUNSEL OF THE COMPANY

[Date]

To the Lenders and Agent parties to
the Credit Agreement
referred to below

XEROX CORPORATION

Dear Sirs:

The undersigned is [General Counsel] of Xerox Corporation, a New York corporation (the "Company"). As such I or other lawyers in the Office of General Counsel of the Company who report directly or indirectly to me ("my reports") are familiar with the proceedings taken by the Company in connection with the preparation, execution and delivery of the Credit Agreement and the Notes referred to below. This opinion is furnished to you pursuant to Section 2.18(d)(i) of the Amended and Restated Credit Agreement, dated as of August 9, 2017 (the "Credit Agreement"), among the Company, the lenders party thereto (the "Lenders"), Citibank, N.A., as administrative agent for the Lenders (the "Agent"), and Citigroup Global Markets Inc., JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp., Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Joint Lead Arrangers and Joint Bookrunners. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Credit Agreement.

In rendering the opinions set forth herein, either I or my reports have examined the following:

- (1) the Credit Agreement;
- (2) the Notes issued to each of _____; and
- (3) such other documents, agreements and instruments, and such laws, rules, regulations, orders, decrees, writs, judgments, awards, injunctions, and the like, as I have deemed necessary as a basis for the opinions hereinafter expressed.

In the foregoing examination of the documents referred to above, I and my reports have assumed the authenticity of all such documents submitted to us as originals, the genuineness of all signatures (other than signatures of the Company), and the conformity to the originals of such documents submitted to us as copies. I have relied, as to factual matters, on the documents I and my reports have examined. I also have assumed that each of the lenders, the Agent and the other parties thereto (other than the Company) has duly executed and delivered, pursuant to due authorization, the Credit Agreement.

Based upon the foregoing, it is my opinion that:

- (i) There is no pending or, to my knowledge, threatened action, suit, investigation, litigation or proceeding affecting the Company or any of its Subsidiaries before any court, governmental agency or arbitrator that purports to affect the legality, validity or enforceability of the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) or any Note or the consummation of the transactions contemplated thereby.
- (ii) The due authorization, execution or delivery by the Company of the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes, the performance by the Company of its obligations thereunder, the consummation of the transactions contemplated by the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes and the fulfillment of the terms of the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and each of the Notes will not conflict with, result in a breach of, or constitute a default under the terms of any indenture or other material agreement or instrument to which the Company or any of the Company's subsidiaries is a party or bound, or any order, decree, judgment or regulation (other than any federal or state securities or blue sky laws, rules or regulations) known to me to be generally applicable to the Company or any of the Company's subsidiaries of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over the Company or any of the Company's subsidiaries.

My opinions are subject to the following qualifications:

- (a) The opinions expressed herein are given as of the date hereof and I undertake no obligation and hereby disclaim any obligation to advise you of any change after the date of this opinion pertaining to any matter referred to herein.
- (b) [Other assumptions and qualifications reasonably acceptable to the Agent to be added.]

This opinion is being furnished only to you in connection with the Credit Agreement and the Notes and is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person or entity for any purpose without my prior written consent, except that any assignee who becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement may rely on this opinion as if addressed and delivered to such assignee on the date hereof; provided that each prospective assignee or assignee of any Lender may be shown this opinion, except that such prospective assignee or assignee may not rely on this opinion unless and until such prospective assignee or assignee becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement.

Very truly yours,

FORM OF DESIGNATION AGREEMENT

[DATE]

To each of the Lenders
parties to the Credit Agreement
(as defined below) and to Citibank, N.A.,
as Agent for such Lenders

Ladies and Gentlemen:

Reference is made to the Amended and Restated Credit Agreement dated as of August 9, 2017 (as amended or modified from time to time, the "Credit Agreement") among Xerox Corporation, a New York corporation (the "Company"), the other borrowers parties thereto, the Lenders (as defined in the Credit Agreement) and Citibank, N.A., as agent for the Lenders (the "Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

Please be advised that the Company hereby designates its undersigned Subsidiary, _____ ("Designated Subsidiary"), as a "Designated Subsidiary" under and for all purposes of the Credit Agreement.

The Designated Subsidiary, in consideration of each Lender's agreement to extend credit to it under and on the terms and conditions set forth in the Credit Agreement, does hereby assume each of the obligations imposed upon a "Designated Subsidiary" and a "Borrower" under the Credit Agreement and agrees to be bound by the terms and conditions of the Credit Agreement. In furtherance of the foregoing, the Designated Subsidiary hereby represents and warrants to each Lender as follows:

(a) The Designated Subsidiary is a corporation duly organized, validly existing and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the laws of _____.

(b) The execution, delivery and performance by the Designated Subsidiary of this Designation Agreement, the Credit Agreement and the Notes to be delivered by it are within the Designated Subsidiary's corporate or other powers, have been duly authorized by all necessary corporate or other action and do not contravene (i) the Designated Subsidiary's organizational documents or by-laws (ii) any law applicable to the Designated Subsidiary or (iii) any indenture or other agreement governing Debt or other material agreement or other instrument binding upon the Designated Subsidiary, any of its Subsidiaries or any of their properties, or give rise to a right thereunder to require the Designated Subsidiary or any of its Subsidiaries to make any payment therefor. The

Designation Agreement and the Notes delivered by it have been duly executed and delivered on behalf of the Designated Subsidiary.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any third party is required for the due execution, delivery and performance by the Designated Subsidiary of this Designation Agreement, the Credit Agreement or the Notes to be delivered by it, except as have been obtained or made and are in full force and effect or where the failure to obtain the same would not have a Material Adverse Effect.

(d) This Designation Agreement is, and the Notes to be delivered by the Designated Subsidiary when delivered will be, legal, valid and binding obligations of the Designated Subsidiary enforceable against the Designated Subsidiary in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(e) There is no pending or threatened action, suit, investigation or proceeding affecting the Designated Subsidiary or any of its Subsidiaries before any court, governmental agency or arbitrator that purports to affect the legality, validity or enforceability of this Designation Agreement, the Credit Agreement or any Note of the Designated Subsidiary.

The Designated Subsidiary hereby agrees that service of process in any action or proceeding brought in any New York State court or in federal court may be made upon the Company at its offices at _____, Attention: _____ (the "Process Agent") and the Designated Subsidiary hereby irrevocably appoints the Process Agent to give any notice of any such service of process, and agrees that the failure of the Process Agent to give any notice of any such service shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon.

The Company hereby accepts such appointment as Process Agent and agrees with you that (i) the Company will maintain an office in Connecticut through the Termination Date and will give the Agent prompt notice of any change of address of the Company, (ii) the Company will perform its duties as Process Agent to receive on behalf of the Designated Subsidiary and its property service of copies of the summons and complaint and any other process which may be served in any action or proceeding in any New York State or federal court sitting in New York City arising out of or relating to the Credit Agreement and (iii) the Company will forward forthwith to the Designated Subsidiary at its address at _____ or, if different, its then current address, copies of any summons, complaint and other process which the Company received in connection with its appointment as Process Agent.

This Designation Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

XEROX CORPORATION

By _____

Name:

Title:

[THE DESIGNATED SUBSIDIARY]

By _____

Name:

Title:

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges, the ratio of earnings to combined fixed charges and preferred stock dividends, as well as any deficiency of earnings are determined using the following applicable factors:

Earnings available for fixed charges are calculated first, by determining the sum of: (a) income from continuing operations before income taxes and equity income; (b) distributed equity income; (c) fixed charges, as defined below; and (d) amortization of capitalized interest, if any. From this total, we subtract capitalized interest and net income attributable to noncontrolling interests.

Fixed charges are calculated as the sum of: (a) interest costs (both expensed and capitalized); (b) amortization of debt expense and discount or premium relating to any indebtedness; and (c) that portion of rental expense that is representative of the interest factor.

Preferred stock dividends used in the ratio of earnings to combined fixed charges and preferred stock dividends consists of the amount of pre-tax earnings required to cover dividends paid on our Series B convertible preferred stock in 2017 and our Series A convertible preferred stock in 2016.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Fixed Charges:				
Interest expense ⁽¹⁾	\$ 62	\$ 81	\$ 188	\$ 250
Capitalized interest ⁽¹⁾	—	—	—	—
Portion of rental expense which represents interest factor ⁽¹⁾	11	45	39	135
Total Fixed Charges	\$ 73	\$ 126	\$ 227	\$ 385
Earnings Available for Fixed Charges:				
Pre-tax income	\$ 167	\$ 166	\$ 344	\$ 389
Add: Distributed equity income of affiliated companies	4	3	34	34
Add: Fixed charges	73	126	227	385
Less: Capitalized interest	—	—	—	—
Less: Net income attributable to noncontrolling interests	(3)	(3)	(9)	(8)
Total Earnings Available for Fixed Charges	\$ 241	\$ 292	\$ 596	\$ 800
Ratio of Earnings to Fixed Charges	3.30	2.32	2.63	2.08

Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends:

Fixed Charges:				
Interest expense ⁽¹⁾	\$ 62	\$ 81	\$ 188	\$ 250
Capitalized interest ⁽¹⁾	—	—	—	—
Portion of rental expense which represents interest factor ⁽¹⁾	11	45	39	135
Total Fixed charges before preferred stock dividends pre-tax income requirements	73	126	227	385
Preferred stock dividends pre-tax income requirements	6	10	18	29
Total Combined Fixed Charges and Preferred Stock Dividends	\$ 79	\$ 136	\$ 245	\$ 414
Earnings Available for Fixed Charges:				
Pre-tax income	\$ 167	\$ 166	\$ 344	\$ 389
Add: Distributed equity income of affiliated companies	4	3	34	34
Add: Fixed charges before preferred stock dividends	73	126	227	385
Less: Capitalized interest	—	—	—	—
Less: Net income attributable to noncontrolling interests	(3)	(3)	(9)	(8)
Total Earnings Available for Fixed Charges and Preferred Stock Dividends	\$ 241	\$ 292	\$ 596	\$ 800
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends	3.05	2.15	2.43	1.93

⁽¹⁾ Includes amounts related to discontinued operations. Refer to Note 5 - Divestitures in our Condensed Consolidated Financial Statements, which is incorporated by reference for additional information regarding our discontinued operations.

CEO CERTIFICATIONS

I, Jeffrey Jacobson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 30, 2017

/s/ JEFFREY JACOBSON

Jeffrey Jacobson
Principal Executive Officer

CFO CERTIFICATIONS

I, William F. Osbourn, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 30, 2017

/s/ WILLIAM F. OSBOURN, JR.

William F. Osbourn, Jr.
Principal Financial Officer

**CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Form 10-Q of Xerox Corporation, a New York corporation (the "Company"), for the quarter ending September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jeffrey Jacobson, Chief Executive Officer of the Company, and William F. Osbourn, Jr., Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JEFFREY JACOBSON

Jeffrey Jacobson
Chief Executive Officer

October 30, 2017

/s/ WILLIAM F. OSBOURN, JR.

William F. Osbourn, Jr.
Chief Financial Officer

October 30, 2017

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Xerox Corporation and will be retained by Xerox Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

