First-Quarter 2015 Earnings Presentation

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April 24, 2015

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Forward-Looking Statements

This release contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words "anticipate," "believe," "estimate," "expect," "intend," "will," "should" and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect management's current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to: changes in economic conditions, political conditions, trade protection measures, licensing requirements and tax matters in the United States and in the foreign countries in which we do business; changes in foreign currency exchange rates; our ability to successfully develop new products, technologies and service offerings and to protect our intellectual property rights; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law; the risk that our bids do not accurately estimate the resources and costs required to implement and service very complex, multi-year governmental and commercial contracts, often in advance of the final determination of the full scope and design of such contracts or as a result of the scope of such contracts being changed during the life of such contracts; the risk that subcontractors, software vendors and utility and network providers will not perform in a timely, quality manner; service interruptions; actions of competitors and our ability to promptly and effectively react to changing technologies and customer expectations; our ability to obtain adequate pricing for our products and services and to maintain and improve cost efficiency of operations, including savings from restructuring actions and the relocation of our service delivery centers; the risk that individually identifiable information of customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security systems; the risk in the hiring and retention of qualified personnel; the risk that unexpected costs will be incurred; our ability to recover capital investments; the risk that our Services business could be adversely affected if we are unsuccessful in managing the start-up of new contracts; the collectability of our receivables for unbilled services associated with very large, multi-year contracts; reliance on third parties, including subcontractors, for manufacturing of products and provision of services; our ability to expand equipment placements; interest rates, cost of borrowing and access to credit markets; the risk that our products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives; the outcome of litigation and regulatory proceedings to which we may be a party; and other factors that are set forth in the "Risk Factors" section, the "Legal Proceedings" section, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other sections of our 2014 Annual Report on Form 10-K filed with the Securities and Exchange Commission. Xerox assumes no obligation to update any forward-looking statements as a result of new information or future events or developments, except as required by law.

On December 18, 2014, Xerox announced that it had entered into an agreement to sell its Information Technology Outsourcing (ITO) business to Atos. The transaction is subject to customary closing conditions and regulatory approval and is expected to close in the second quarter of 2015. As a result of the pending sale of the ITO business and having met applicable accounting requirements, Xerox is reporting the ITO business as a discontinued operation. The forward looking statements contained in this presentation are subject to the risk that the sale of the ITO business may not occur on the terms, within the time and/or in the manner as previously disclosed, if at all.

Xerox Direction

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

Annuity 86%
of Total Revenue

Services 56%
of Total Revenue

First-Quarter Overview

Adjusted EPS[1] of 21 cents, GAAP EPS[2] of 16 cents

Total revenue of $4.5B, down 6% or 2% CC[1]

Services revenue down 3% or up 1% CC[1]; margin of 7.5%

- Margin up modestly excluding the impact from Health Enterprise platform implementations

Document Technology revenue down 10% or 6% CC[1]; margin of 11.1%

- Margin in-line with expectations; lower YOY driven by higher pension expense

Operating margin[1] of 7.6%, down 110 bps YOY

Cash from operations of $113M

- Share repurchase of $216M
- Acquisitions of $28M

[1]Adjusted EPS, Constant Currency (CC) and Operating Margin: see Non-GAAP Financial Measures

[2]GAAP EPS from Continuing Operations

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Earnings

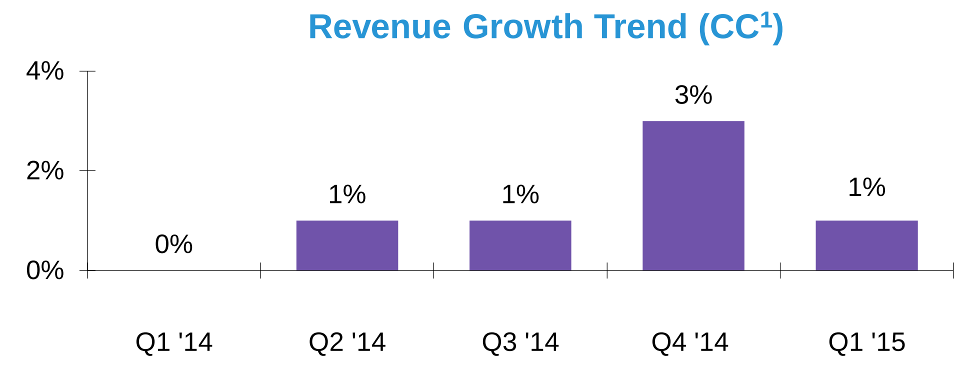
(in millions, except per share data)	Q1 2015	B/(W)	Comments
Revenue	$ 4,469	$ (302)	Down 2% CC – Services up 1%, Document Technology down 6%
Gross Margin	31.2%	(0.3) pts	
RD&E	$ 141	$ 4	
SAG	$ 915	$ 30	
SAG % of Revenue	*20.5%*	*(0.7) pts*	
Adjusted Operating Income[1]	**$ 338**	**$ (75)**	Higher pension expense and higher Health Enterprise platform implementation costs drove margin decline
Operating Income % of Revenue	*7.6%*	*(1.1) pts*	
Adjusted Other, net[1]	$ 65	$ 5	O(I)D $7M higher YOY; Restructuring $12M lower YOY
Equity Income	$ 34	$ (8)	Decline driven by translation currency
Adjusted Tax Rate[1]	24.5%	(4) pts	Compares to prior year tax rate of 20.4%
Adjusted Net Income – Xerox[1]	**$ 239**	**$ (75)**	
Adjusted EPS[1]	**$ 0.21**	**$ (0.05)**	Guidance range $0.20 - $0.22
Amortization of intangible assets	0.05	(0.01)	
GAAP EPS[2]	**$ 0.16**	**$ (0.06)**	

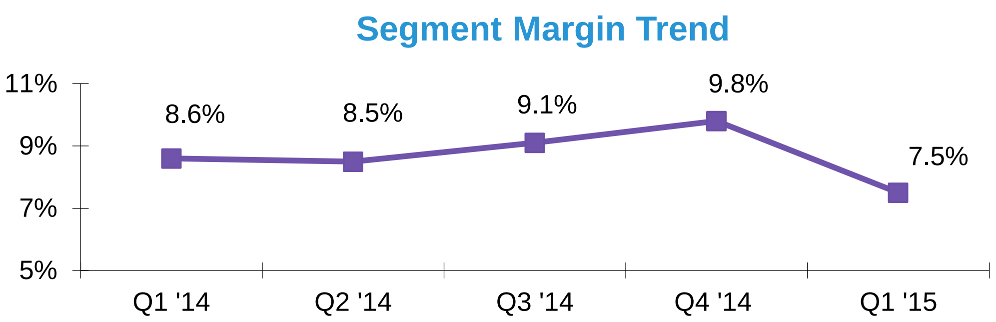
[1]Adjusted Operating Income, Adjusted Other, net, Adjusted Tax Rate, Adjusted Net Income – Xerox and Adjusted EPS: see Non-GAAP Financial Measures

[2]GAAP EPS from Continuing Operations

Services Segment

(in millions)	Q1 2015	% B/(W) YOY Act Cur	% B/(W) YOY CC[1]
Total Revenue	$2,514	(3)%	1%
Segment Profit	$189	(15)%	
Segment Margin	7.5%	(1.1) pts	





Revenue growth of 1% at CC
- Document Outsourcing up 2%, BPO up 1%

Continuing to invest in go-to-market model, ramping sales and industry resources

Margin up 10 bps YOY excluding higher Health Enterprise platform implementation costs

Signings
- BPO/DO renewal rate of 91%
- New business signings[2] down 26% YOY and 17% TTM
- Q2 signings will benefit from recently approved New York MMIS and pending Florida Tolling deals

Signings (TCV)	**Q1**
Business Process Outsourcing	$1.8
Document Outsourcing	$0.6
Total	**$2.4B**
YOY Growth	(13)%
TTM Growth	(10)%

[1]Constant currency (CC): see Non-GAAP Financial Measures

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

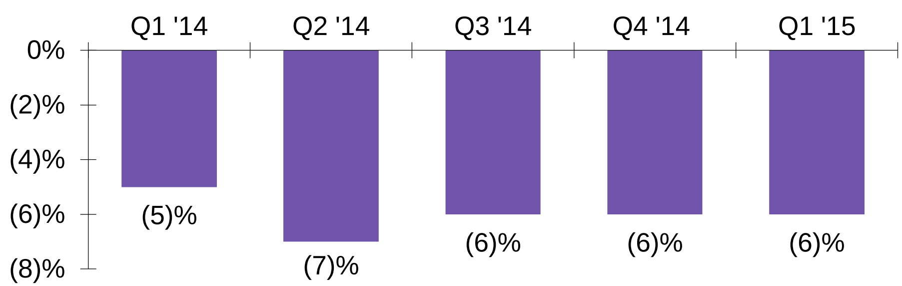
Health Enterprise Platform Details

- Increased losses from Health Enterprise platform accounts impacted Q1 Services margin
  - YOY impact was approximately $(30)M or (120) bps to Services margin
  - California largest driver – reflects anticipated higher costs to deliver the platform for the state
  - New York approved in April – investments intentionally ramped ahead of signing for a strong start
- We continue to improve operationally through significant investments and enhanced process discipline
  - California – strong operational delivery
  - New Hampshire – improved operational performance and CMS certification for Health Enterprise now underway
  - Delivery and execution improving in other states; however, some legacy financial issues remain
- Going forward actions
  - Leadership focus and adding external talent
  - Enhancements maturing in quality, program management & governance
  - Continuing stabilization, standardization and quality improvements to the Health Enterprise platform – will enable future code, documentation and support efficiencies
  - Expanding supplier base to increase capacity, flexibility and improve pricing
  - Increasing offshore capabilities to reduce platform development costs
- Over two-thirds of Government Healthcare business generates healthy margins
- Health Enterprise platform accounts expected to pressure Services financial results for the remainder of 2015; contemplated within revised Services margin guidance of 8.5 to 9.0%

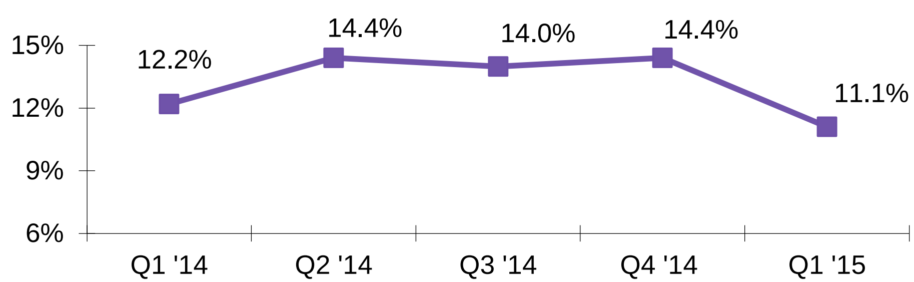
Document Technology Segment

(in millions)	Q1 2015	% B/(W) YOY Act Cur	% B/(W) YOY CC[1]
Total Revenue	$1,830	(10)%	(6)%
Segment Profit	$203	(18)%	
Segment Margin	11.1%	(1.1) pts	

Revenue Growth Trend (CC[1])



Segment Margin Trend



Core operations performing well

Revenue down 6% at CC[1]; trend consistent

- As expected, actual results pressured by currency

Margin consistent with expectations, lower YOY driven by higher pension expense

Entry installs impacted by continued weakness in developing markets

Entry Installs	**Q1**
A4 Mono MFDs	(22)%
A4 Color MFDs	(30)%
Color Printers	1%
Mid-Range Installs	
Mid-Range B&W MFDs	(1)%
Mid-Range Color MFDs	(1)%
High-End Installs	
High-End B&W	(5)%
High-End Color[2]	8%

[1]Constant currency (CC): see Non-GAAP Financial Measures

[2]High-end color down 26% in Q1 excluding DFE's

Cash Flow

(in millions)	Q1 2015
Net Income	$ 230
Depreciation and amortization	296
Restructuring and asset impairment charges	14
Restructuring payments	(31)
Contributions to defined benefit pension plans	(41)
Inventories	(126)
Accounts receivable and Billed portion of finance receivables[1]	(167)
Accounts payable and Accrued compensation	(17)
Equipment on operating leases	(70)
Finance receivables[1]	87
Other	(62)
Cash from Operations	**$ 113**
Cash from Investing	**$ (98)**
Cash from Financing	**$ (485)**
Change in Cash and Cash Equivalents	(539)
Ending Cash and Cash Equivalents	**$ 872**

Cash From Ops $113M

Working capital seasonally a use of cash in Q1

CAPEX $95M

Acquisitions $28M

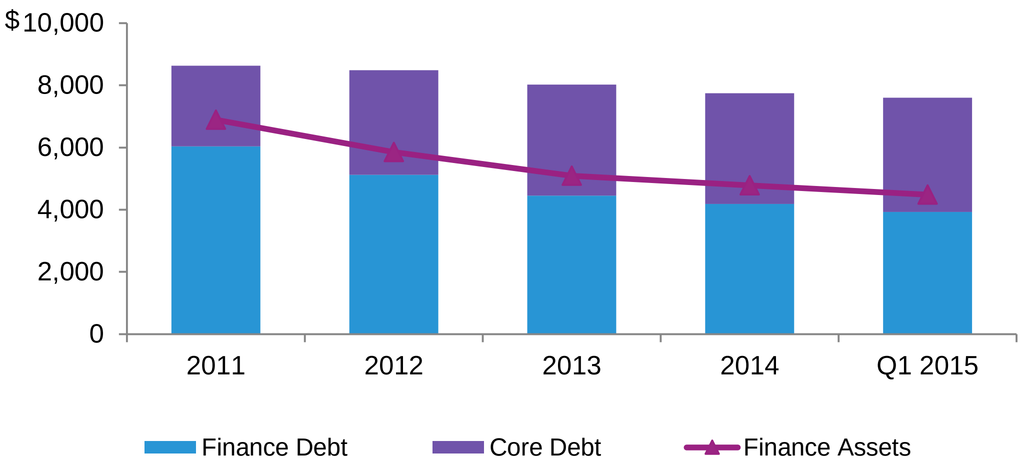
Share Repurchase of $216M and $70M of Common Stock Dividends

Maintaining FY Operating Cash Flow guidance of $1.7 - $1.9B

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

Capital Structure

Debt and Finance Asset Trend
(in millions)



Core debt level managed to maintain investment grade

Over half of Xerox debt supports finance assets

Continue to expect ~$7.7B of debt at year-end

Financing and Leverage

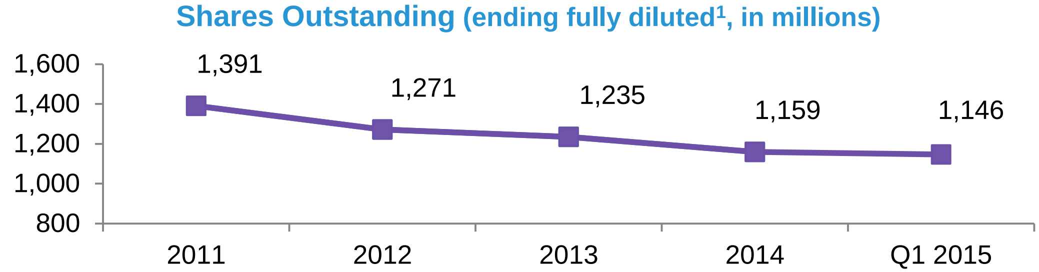
- Xerox's value proposition includes leasing of Xerox equipment
- Maintain 7:1 leverage ratio of debt to equity on these finance assets

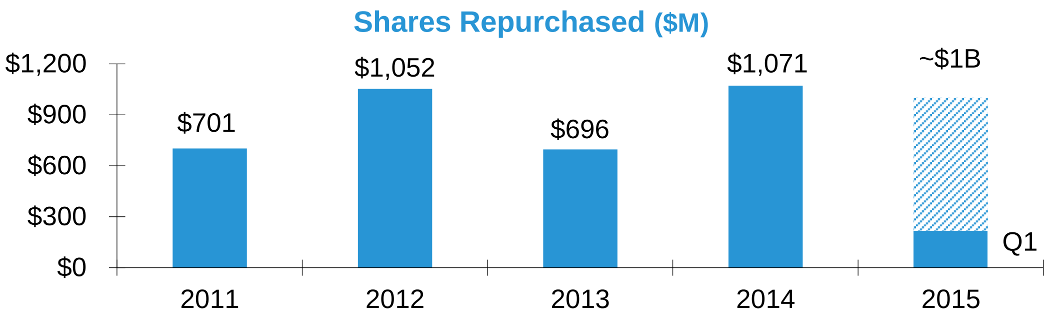
Q1 2015

(in billions)	Fin. Assets	Debt
Financing	$ 4.5	$ 3.9
Core	-	$ 3.7
Total Xerox	$ 4.5	$ 7.6

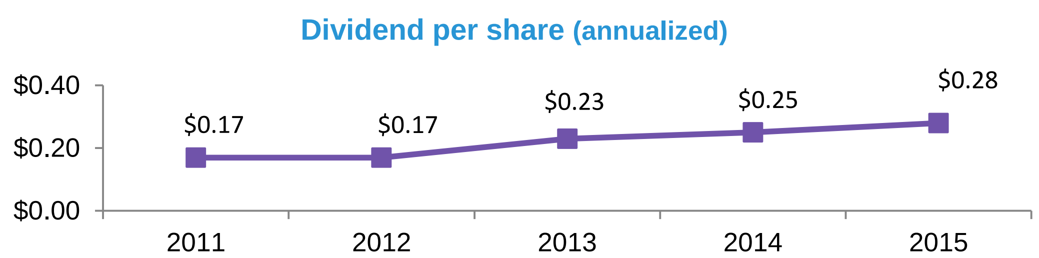
Capital Allocation Enhances Shareholder Returns

Share Repurchase Program





Dividend Program



ITO divestiture on track to close by end of the second quarter

Repurchased $216M shares in Q1; expect ~$1B FY share repurchase

Continue to expect to invest up to $900M for acquisitions

- Will roll any excess funds to 2016 M&A

Quarterly common dividend at 7 cents per share[2]

Expect ~$300M in FY dividend payments

[1]Ending fully diluted: see Non-GAAP Financial Measures

[2]Dividend increase effective for common dividend payable on April 30, 2015

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2015 Guidance

	2015
Revenue Growth @ CC	Down ~1%
Services	Up 2 to 4%
Document Technology	Down 4 to 5%
Adjusted EPS[1] (incl restructuring)	$0.95 - $1.01
GAAP EPS[2]	$0.77 - $0.83
Cash From Operations	$1.7 - $1.9B
CAPEX	$ 0.4B
Free Cash Flow	$1.3 - $1.5B
Share Repurchase	~$1B
Acquisitions	<$900M
Dividend	~$300M

Adjusting 2015 Guidance

- Expect Total Revenue will be down ~1% CC
  - Actuals will reflect 4 pts negative currency impact
  - Services revenue at the lower end of the range
- Expect Services margin to be in the range of 8.5 to 9.0%
  - Largely driven by higher costs for legacy Health Enterprise platform implementations
- FY EPS range $0.95 - $1.01
  - Decrease of 5 cents from prior guidance

Maintaining $1.7 - $1.9B Operating Cash Flow guidance

Note: Revenue growth guidance excluding potential divestitures
Constant Currency (CC), Adjusted EPS and Free Cash Flow: see Non-GAAP Financial Measures
[1]Adjusted for amortization of intangible assets
[2]GAAP EPS from Continuing Operations

Summary

Confident in our strategy; continue to work to drive future revenue growth and margin expansion

Second half Services metrics expected to show improvement

- Continuing go-to-market focus and investments
- Productivity benefits ramping in second half

Continued Document Technology focus on operational excellence and leadership in attractive market segments

- Q1 performance as expected, core business fundamentals remain strong

Solid Q1 Cash Flow; maintaining our full year guidance

EPS guidance

- Q2 Adjusted EPS[1] $0.21- $0.23, GAAP EPS[2] $0.17 - $0.19
  - Includes approximately 2 cents restructuring
- FY Adjusted EPS[1] $0.95 - $1.01, GAAP EPS[2] $0.77 - $0.83

[1]Guidance - Adjusted EPS: see Non-GAAP Financial Measures

[2]GAAP EPS from Continuing Operations

Appendix

Revenue Trend

	2013	2014					2015
(in millions)	FY	Q1	Q2	Q3	Q4	FY	Q1
Total Revenue	**$20,006**	**$4,771**	**$4,941**	**$4,795**	**$5,033**	**$19,540**	**$4,469**
Growth	*(2)%*	*(2)%*	*(2)%*	*(2)%*	*(3)%*	*(2)%*	*(6)%*
CC[1] Growth	*(3)%*	*(2)%*	*(3)%*	*(2)%*	*(1)%*	*(2)%*	*(2)%*
Annuity	**$16,648**	**$4,056**	**$4,160**	**$4,047**	**$4,173**	**$16,436**	**$3,845**
Growth	*(2)%*	*(2)%*	*(1)%*	*(1)%*	*(2)%*	*(1)%*	*(5)%*
CC[1] Growth	*(2)%*	*(2)%*	*(2)%*	*(1)%*	*Flat*	*(1)%*	*(1)%*
Annuity % Revenue	**83%**	**85%**	**84%**	**84%**	**83%**	**84%**	**86%**
Equipment	**$3,358**	**$715**	**$781**	**$748**	**$860**	**$3,104**	**$624**
Growth	*(3)%*	*(1)%*	*(9)%*	*(8)%*	*(11)%*	*(8)%*	*(13)%*
CC[1] Growth	*(4)%*	*(2)%*	*(9)%*	*(8)%*	*(9)%*	*(7)%*	*(8)%*

[1]Constant currency: see Non-GAAP Financial Measures

Segment Revenue Trend

	2013	2014					2015
(in millions)	FY	Q1	Q2	Q3	Q4	FY	Q1
Services	**$10,479**	**$2,585**	**$2,651**	**$2,623**	**$2,725**	**$10,584**	**$2,514**
Growth	*2%*	*Flat*	*1%*	*1%*	*1%*	*1%*	*(3)%*
CC[1] Growth	*2%*	*Flat*	*1%*	*1%*	*3%*	*1%*	*1%*
Document Technology	**$8,908**	**$2,044**	**$2,126**	**$2,029**	**$2,159**	**$8,358**	**$1,830**
Growth	*(6)%*	*(4)%*	*(6)%*	*(6)%*	*(8)%*	*(6)%*	*(10)%*
CC[1] Growth	*(6)%*	*(5)%*	*(7)%*	*(6)%*	*(6)%*	*(6)%*	*(6)%*
Other	**$619**	**$142**	**$164**	**$143**	**$149**	**$598**	**$125**
Growth	*(10)%*	*3%*	*(1)%*	*(1)%*	*(12)%*	*(3)%*	*(12)%*
CC[1] Growth	*(10)%*	*3%*	*(2)%*	*(2)%*	*(11)%*	*(3)%*	*(11)%*

[1]Constant currency: see Non-GAAP Financial Measures

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Discontinued Operations Summary

	Three Months Ended March 31,					
	2015			2014		
(in millions)	ITO	Other	Total	ITO	Other	Total
Revenues	$ 311	$ -	$ 311	$ 328	$ 22	$ 350
Income (loss) from operations (1) (2)	$ 61	$ -	$ 61	$ 21	$ (1)	$ 20
(Loss) gain on disposal	(4)	-	(4)	-	2	2
Net income before income taxes	57	-	57	21	1	22
Income tax expense	(23)	-	(23)	(7)	-	(7)
Income from discontinued operations, net of tax	$ 34	$ -	$ 34	$ 14	$ 1	$ 15

(1) ITO Income from operations for first quarter 2015 excludes approximately $39 million of depreciation and amortization expenses (including $7 million for intangibles amortization) since the business is held for sale.

(2) ITO Income from operations for first quarter 2014 includes intangible amortization and other expenses of approximately $8 million.

Non-GAAP Measures

Non-GAAP Financial Measures

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

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

In 2015 and 2014, we adjusted for the amortization of intangible assets. The amortization of intangible assets is driven by our acquisition activity which can vary in size, nature and timing as compared to other companies within our industry and from period to period. Accordingly, due to the incomparability of acquisition activity among companies and from period to period, we believe exclusion of the amortization associated with intangible assets acquired through our acquisitions allows investors to better compare and understand our results. The use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods.

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

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

Non-GAAP Financial Measures

"Free Cash Flow": To better understand the trends in our business, we believe that it is helpful to adjust cash flows from operations to exclude amounts for capital expenditures including internal use software. Management believes this measure gives investors an additional perspective on cash flow from operating activities in excess of amounts required for reinvestment. It provides a measure of our ability to fund acquisitions, dividends and share repurchase. It also is used to measure our yield on market capitalization. A reconciliation of this non-GAAP financial measure and the most directly comparable measure calculated and presented in accordance with GAAP is set forth in the slide entitled "2015 Guidance".

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

Unless otherwise noted, reconciliations of these non-GAAP financial measures and the most directly comparable measures calculated and presented in accordance with GAAP are set forth on the following slides.

Q1 GAAP EPS to Adjusted EPS Track

(in millions; except per share amounts)	Three Months Ended March 31, 2015		Three Months Ended March 31, 2014	
	Net Income	**EPS**	**Net Income**	**EPS**
Reported[(1)]	**$ 191**	**$ 0.16**	**$ 266**	**$ 0.22**
Adjustments:				
Amortization of intangible assets	48	0.05	48	0.04
Adjusted	**$ 239**	**$ 0.21**	**$ 314**	**$ 0.26**
Weighted average shares for adjusted EPS[(2)]		1,127		1,225
Fully diluted shares at end of period[(3)]		1,146		

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

(2) Average shares for the calculation of adjusted EPS for first quarter 2015 exclude 27 million of shares associated with the Series A convertible preferred stock as to include these shares would be anti-dilutive and therefore the related quarterly dividend was included. For first quarter 2014, these shares were included in the adjusted EPS calculation and therefore the related quarterly dividend was excluded.
(3) Represents common shares outstanding at March 31, 2015 as well as shares associated with our Series A convertible preferred stock plus dilutive potential common shares as used for the calculation of diluted earnings per share in the first quarter 2015.

GAAP EPS to Adjusted EPS Guidance Track

	Earnings Per Share Guidance	
	Q2 2015	**FY 2015**
GAAP EPS from Continuing Operations	**$0.17 - $0.19**	**$0.77 - $0.83**
<u>Adjustments:</u>		
Amortization of intangible assets	0.04	0.18
Adjusted EPS	**$0.21 - $0.23**	**$0.95 - $1.01**

Note: GAAP and Adjusted EPS guidance includes anticipated restructuring

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Q1 Adjusted Operating Income/Margin

(in millions)	Three Months Ended March 31, 2015					Three Months Ended March 31, 2014				
	Profit		Revenue		Margin	Profit		Revenue		Margin
Reported pre-tax income [(1)]	**$**	**201**	**$**	**4,469**	**4.5%**	**$**	**271**	**$**	**4,771**	**5.7%**
Adjustments:										
Amortization of intangible assets		77					77			
Xerox restructuring charge		14					26			
Other expenses, net		46					39			
Adjusted Operating Income/Margin	**$**	**338**	**$**	**4,469**	**7.6%**	**$**	**413**	**$**	**4,771**	**8.7%**

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

Q1 Adjusted Other, net

(in millions)	Three Months Ended March 31, 2015		Three Months Ended March 31, 2014	
Other expenses, net - Reported	**$**	**46**	**$**	**39**
<u>Adjustments:</u>				
Xerox restructuring charge		14		26
Net income attributable to noncontrolling interests		5		5
Other expenses, net - Adjusted	**$**	**65**	**$**	**70**

Q1 Adjusted Effective Tax Rate

(in millions)	Three Months Ended March 31, 2015			Three Months Ended March 31, 2014		
	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported[1]	**$ 201**	**$ 39**	**19.4%**	**$ 271**	**$ 42**	**15.5%**
Adjustments:						
Amortization of intangible assets	77	29		77	29	
Adjusted	**$ 278**	**$ 68**	**24.5%**	**$ 348**	**$ 71**	**20.4%**

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

Q1 Services Revenue Breakdown

(in millions)	Three Months Ended March 31, 2015	2014	% Change	CC % Change
Business Processing Outsourcing	$ 1,734	$ 1,767	(2%)	1%
Document Outsourcing	780	818	(5%)	2%
Total Revenue - Services	**$ 2,514**	**$ 2,585**	(3%)	1%

Note: The above table has been revised to reflect the reclassification of the ITO business to Discontinued Operations and excludes intercompany revenue.

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