First Quarter 2017 Earnings

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April 25, 2017
http://www.xerox.com/investor

Forward Looking Statements

This presentation contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “will”, “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect management’s current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. 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 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 our 2016 Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-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.

Forward Looking Statements

Fuji Xerox Co., Ltd. ("Fuji Xerox") is a joint venture between Xerox Corporation and Fujifilm Holdings Corporation ("Fujifilm") in which Xerox holds a 25% equity interest and Fujifilm holds the remaining equity interest. On April 20, 2017, Fujifilm publicly announced it formed an independent investigation committee 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 sales leasing transactions that occurred in, or prior to, Fuji Xerox's fiscal year ending March 31, 2016. In first quarter 2017, we recognized a charge of approximately $30 million, which represents our share of the current Fujifilm estimated adjustments from this review, as publicly disclosed by Fujifilm. Fujifilm has publicly stated that it expects the investigation will be completed in May 2017, and that it intends to disclose the results shortly thereafter. Given our status as a minority investor, we have limited contractual and other rights to information and rely on Fuji Xerox and Fujifilm to provide information to us and are not involved in the investigation, including its scope and timing of completion. Although we have no reason not to rely on Fujifilm's estimated adjustment and we are not aware of any additional amounts related to this matter that would have a material effect on our financial statements, this investigation is ongoing and our future results may include additional adjustments that are materially different from the amount of the charge that we have already recognized in connection with this matter and the period(s) to which the charge relates, and we can provide no assurances relative to the outcome of any governmental investigations or any consequences thereof.

For other related information, please visit the Company's investor relations website at https://www.xerox.com/investor.

First-Quarter Overview

Positive beginning for Xerox post separation

- Revenue in-line with full-year expectations
- Operating margin year-over-year expansion continues
- Good operating cash flow

Revenue

$2.45B, down 6.2% or 4.3% CC[1]

Equipment down 7.4% or 5.7% CC[1]

Post Sale down 5.8% or 3.9% CC[1]

Profitability

Adj[1] operating margin: 11.4%, up 90 bps YOY

GAAP EPS[2]: 2 cents, down 4 cents YOY

Adj[1] EPS: 15 cents, down 3 cents YOY

Memo: EPS measures include negative 3 cent impact from Fuji Xerox out-of-period receivables charge

Cash and Debt

Operating cash flow from continuing operations: $190M, up $103M YOY

Ending Cash: $1.0B

Debt: reduced by $1.3B

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

[2] GAAP EPS from Continuing Operations

First-Quarter Highlights

Continued Progress on Strategic Transformation

- Delivery
- Cost of Production
- Sales & Contracting
- G&A
- Supply Chain & Procurement

Targeting Strategic Growth Areas

- Capture growth in managed document services
- Increase SMB coverage
- Gain share in A4
- Extend leadership in production color

- Announced largest product launch in company history; differentiated ConnectKey portfolio and apps for customers and channel partners
- Launched Versant; refreshed competitive offering within production color

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Financial Performance

(in millions, except per share data)

P&L Measures	Q1 2017	B/(W) YOY
Revenue	$ 2,454	$ (161)
Operating Income – Adjusted[1]	280	6
Equity Income	16	(21)
Other Expenses, net – Adjusted[1]	41	4
Net Income	22	(47)
Net Income – Adjusted[1]	154	(32)
GAAP EPS[2]	0.02	(0.04)
EPS – Adjusted[1]	0.15	(0.03)
Memo:		
Equity Income – Adjusted[1] (excludes Fuji Xerox charge)	46	9

P&L Ratios (Adjusted[1])	Q1 2017	B/(W) YOY
Gross Margin	39.8%	0.2 pts
RD&E %	4.5%	- pts
SAG %	25.8%	0.2 pts
Operating Income Margin	11.4%	0.9 pts
Tax Rate	27.5%	(6.1) pts

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

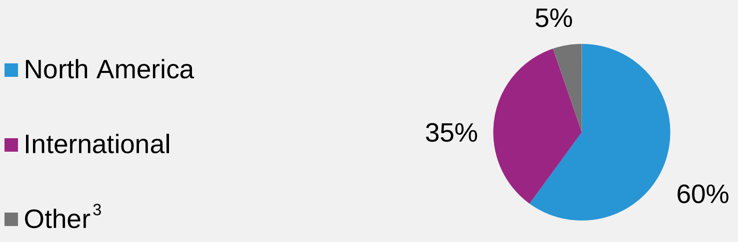
[2] GAAP EPS from Continuing Operations

Revenue Performance

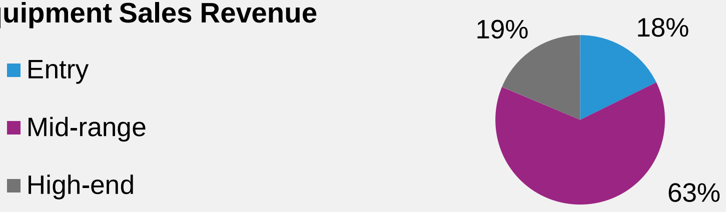
(in millions)

		YOY Change	
	Q1 2017	AC	CC[1]
Total Revenue	**$ 2,454**	**(6.2)%**	**(4.3)%**
North America	1,473	(4.5)%	(4.8)%
International	852	(7.3)%	(1.5)%
Other	129	(16.2)%	(16.2)%
Equipment Revenue	**$ 502**	**(7.4)%**	**(5.7)%**
Entry	88	(6.4)%	(5.5)%
Mid-range	317	(8.6)%	(7.0)%
High-end	93	(6.1)%	(3.7)%
Other	4	N/M	N/M
Managed Document Services[2]	**$ 819**	**(2.0)%**	**0.4%**

Total Revenue by Geographic Sales Channel



Equipment Sales Revenue



Managed Document Services[2]: 33% of Total Revenue

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

[2] Managed Document Services (MDS) includes Managed Print Services (MPS) (including Global Imaging Systems MPS), Centralized Print Services (CPS) and Workflow Automation and excludes Communication and Marketing Solutions (CMS)

[3] Other total revenue includes OEM business, sales to Fuji Xerox and licensing

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Key Performance Metrics

Strategic Growth Areas

Offering Focus Areas

- MPS & Workflow Automation
- A4 MFPs
- Production Color

First Quarter 2017 Results

↑ 1%	39%	↑ 2 pts
YOY revenue growth at CC[1]	% of Revenue in Strategic Growth Areas	Mix shift YOY

Installs

First Quarter 2017

(% change YOY)	Color	B&W
Entry A4 MFDs[3]	15%	1%
Mid-Range[3]	-%	(24)%
High-End[3]	(15)%	(25)%

Signings

% Growth CC[1]

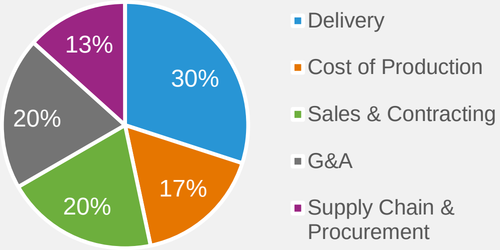
	Q1	YOY	TTM
Enterprise MDS[4]	$0.5B	(6)%	(5)%

Note: signings do not include GIS or Xerox Partner Print Services results

Strategic Transformation

2016 FY Gross Savings[2]	$550M
2017 Target	$600M
Cumulative thru 2018 Target	$1.5B+
Q1 Restructuring	$120M
FY Restructuring Target	$225M

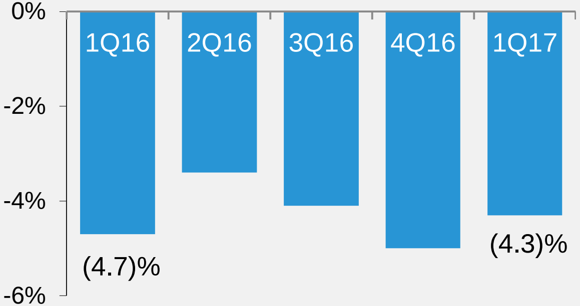
Sources of Productivity



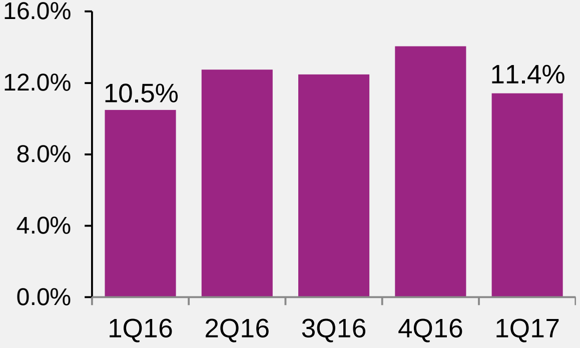
[1] Constant Currency (CC): see Non-GAAP Financial Measures
[2] Gross savings are the year over year savings, assuming similar operating levels
[3] Entry installations exclude OEM sales; Mid-range and High-end color installations exclude Fuji Xerox digital front-end sales
[4] Managed Document Services (MDS) includes Managed Print Services (MPS) (including Global Imaging Systems MPS), Centralized Print Services (CPS) and Workflow Automation and excludes Communication and Marketing Solutions (CMS)

Performance Trends

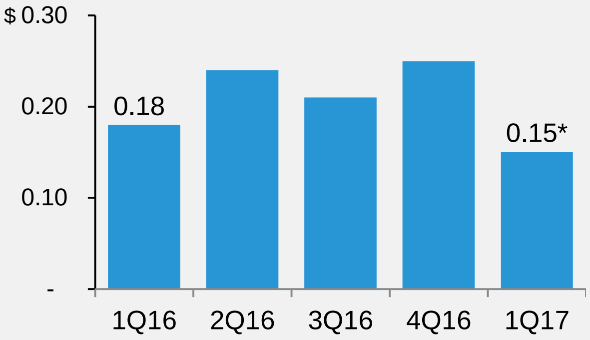
Revenue (CC[1])



Adjusted[1] Operating Margin



Adjusted[1] EPS



YOY change at CC[1]

(4.7%)	**(3.4%)**	**(4.1%)**	**(5.0%)**	**(4.3%)**

Translation Currency

(2.1) pts	(1.2) pts	(1.5) pts	(2.2) pts	(1.9) pts

Adjusted[1] Operating Margin

10.5%	**12.7%**	**12.5%**	**14.0%**	**11.4%**

Transaction Currency

(0.9) pts	(0.3) pts	(0.2) pts	(0.7) pts	(1.1) pts

Adj[1]	**$0.18**	**$0.24**	**$0.21**	**$0.25**	**$0.15***
GAAP[2]	**$0.06**	**$0.18**	**$0.16**	**$0.17**	**$0.02***

Total Currency

$(0.02)	-	$0.01	$(0.02)	$(0.02)

**1Q17 EPS includes negative 3 cent impact from Fuji Xerox charge*

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

Cash Flow

First quarter cash flow from continuing operations of $190M, up $103M YOY

2017 operating cash flow expected to be $200M+ below normalized level of ~$1B driven by restructuring and pension

- Restructuring - $60M in Q1, expect $215M FY
- Pension contributions - $23M in Q1, expect $350M FY

Working Capital[2] timing drives YOY increase

Capex[5] of $26M in Q1

Cash used in Financing reflects payments on senior notes

(in millions)	**Q1 2017**	**Q1 2016**
Pre-tax Income from Continuing Ops	$ (16)	$ 32
Non-cash add-backs[1]	269	225
Restructuring payments	(60)	(21)
Pension Contributions	(23)	(34)
Working Capital, net[2]	(66)	(165)
Change in Finance Assets[3]	86	80
Other[4]	-	(30)
Cash from Operations - Continuing Ops	**$ 190**	**$ 87**
Cash used in Investing - Continuing Ops	**$ (35)**	**$ (30)**
Cash used in Financing	**$ (1,258)**	**$ (42)**
Memo: Free Cash Flow[6]	**$ 164**	**$ 55**

[1] Non-Cash Add-backs include depreciation & amortization excluding equipment on operating lease, provisions, stock-based compensation, defined benefit pension expense, restructuring charges and gain on sales of businesses and assets
[2] Working Capital, net includes accounts receivable, collections of deferred proceeds from sales of receivables, accounts payable and accrued compensation and inventory
[3] Includes equipment on operating leases and its related depreciation, finance receivables and collections on beneficial interest from sales of finance receivables
[4] Includes other current and long-term assets and liabilities, derivative assets and liabilities, other operating, net, distributions from net income of unconsolidated affiliates and taxes
[5] CAPEX including Internal Use Software
[6] Free Cash Flow: see Non-GAAP Financial Measures

Capital Structure

Good progress optimizing capital structure post separation

- Reduced debt $1.3B
- Extended term of $300M of debt due 2018 through 2020 to 2022

Core debt level managed to maintain investment grade financial profile

>70% of Xerox debt supports finance assets

Customer Financing and Debt

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

Quarter-End March 31, 2017

(in billions)	Fin. Assets	Debt	Cash
Financing	$ 4.2	$ 3.7	
Core	-	1.3	
Total Xerox	$ 4.2	$ 5.0	$ 1.0

Summary

First quarter operational results in line with expectations

Focused on delivering 2017 commitments

- Reaffirming full-year guidance
- Driving profitability and enabling investment through Strategic Transformation program
- Targeting strategic growth areas to improve revenue trajectory

Appendix

Revenue Trend

(in millions)	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 FY	2017 Q1
Total Revenue	**$2,615**	**$2,793**	**$2,629**	**$2,734**	**$10,771**	**$2,454**
% Change	*(6.8)%*	*(4.6)%*	*(5.6)%*	*(7.2)%*	*(6.1)%*	*(6.2)%*
CC[1] % Change	*(4.7)%*	*(3.4)%*	*(4.1)%*	*(5.0)%*	*(4.3)%*	*(4.3)%*
Post Sale	**$2,073**	**$2,143**	**$2,056**	**$2,080**	**$8,352**	**$1,952**
% Change	*(5.7)%*	*(4.2)%*	*(3.9)%*	*(5.5)%*	*(4.8)%*	*(5.8)%*
CC[1] % Change	*(3.3)%*	*(2.9)%*	*(2.2)%*	*(3.2)%*	*(2.9)%*	*(3.9)%*
Post Sale % Revenue	**79%**	**77%**	**78%**	**76%**	**78%**	**80%**
Equipment[2]	**$542**	**$650**	**$573**	**$654**	**$2,419**	**$502**
% Change	*(11.0)%*	*(5.7)%*	*(11.4)%*	*(12.1)%*	*(10.0)%*	*(7.4)%*
CC[1] % Change	*(9.7)%*	*(4.9)%*	*(10.4)%*	*(10.1)%*	*(8.7)%*	*(5.7)%*
Memo:						
OEM and CMS impact on Total Revenue	*(0.3) pts*	*(0.2) pts*	*(0.6) pts*	*(0.7) pts*	*(0.4) pts*	*(0.9) pts*

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

[2] Equipment sales revenue in 2016 has been revised to reclassify certain GIS equipment sales to Other sales, which are included in Post Sale revenue

2016 MDS Reconciliation

(in millions)	2016				
	Q1	Q2	Q3	Q4	FY
Document Outsourcing as reported	**$ 792**	**$ 840**	**$ 791**	**$ 836**	**$ 3,259**
Adjustments:					
Net, Other Revenue previously reported in DO[1]	(6)	(6)	(9)	(7)	(28)
Global Imaging Systems MPS[2]	50	53	53	54	210
Managed Document Services	**$ 836**	**$ 887**	**$ 835**	**$ 883**	**$ 3,441**
Document Outsourcing Reported					
% Change	1.6%	0.8%	(1.2)%	(1.7)%	(0.2)%
CC[3] % Change	4.6%	2.3%	0.7%	1.2%	2.2%
Managed Document Services					
% Change	2.0%	1.7%	(0.9)%	(1.4)%	0.3%
CC[3] % Change	4.9%	3.1%	0.9%	1.5%	2.6%

[1] In 2016, Fuji Xerox and development-related revenues were included in the DO business while certain revenues from Conduent were treated as intercompany and therefore excluded

[2] In 2016, MPS revenue from Global Imaging Systems was not included in DO reporting

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

Non-GAAP Financial Measures

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 on our website 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.

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Non-GAAP Financial Measures

- *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, 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) 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.

Non-GAAP Financial Measures

Adjusted Operating Income

We also calculate and utilize operating income and margin earnings measures by adjusting our pre-tax income and margin amounts. In addition to the costs noted for our Adjusted Earnings measures, 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. 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 operating income and margin as Fuji Xerox is our primary intermediary to the Asia/Pacific market for distribution of Xerox branded products and services. First quarter Equity in net income of unconsolidated affiliates included a charge that represents our share of the current Fujifilm estimated adjustments associated with an accounting review at Fuji Xerox's New Zealand subsidiary related to lease receivables. We have excluded this impact for adjusted operating income and margin in order to provide a more normalized view of our operations for the quarter. See Equity in Net Income of Unconsolidated Affiliates for additional information regarding this charge.

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." 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.

Free Cash Flow

To better understand trends in our business, we believe that it is helpful to subtract amounts for capital expenditures (inclusive of internal use software) from cash flows from continuing operations. 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 is also used to measure our yield on market capitalization.

Non-GAAP Financial Measures

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:

Q1 GAAP EPS to Adjusted EPS

(in millions, except per share amounts)	Three Months Ended March 31, 2017 Net Income	Three Months Ended March 31, 2017 Diluted EPS	Three Months Ended March 31, 2016 Net Income	Three Months Ended March 31, 2016 Diluted EPS
As Reported [(1)]	$ 22	**$ 0.02**	$ 69	**$ 0.06**
Restructuring and related costs	120		100	
Amortization of intangible assets	14		14	
Non-service retirement related costs	62		46	
Loss on extinguishment of debt	13		-	
Income tax on adjustments [(2)]	(61)		(43)	
Remeasurement of unrecognized tax positions	(16)		-	
Adjusted	$ 154	**$ 0.15**	$ 186	**$ 0.18**
Weighted average shares for adjusted EPS [(3)]		1,052		1,021
Fully diluted shares at end of period [(4)]		1,052		

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

(2) Refer to the Effective Tax Rate reconciliation.

(3) Average shares for the 2017 calculation of adjusted EPS includes 27 million shares associated with our Series B convertible preferred stock and therefore the related quarterly dividend of $4 million was excluded. Average shares for the 2016 calculation of adjusted EPS excludes 27 million shares associated with our Series A convertible preferred stock and therefore the related quarterly dividend of $6 million was included.

(4) Represents common shares outstanding at March 31, 2017 as well as shares associated with our Series B convertible preferred stock plus dilutive potential common shares as used for the calculation of diluted earnings per share for the first quarter 2017.

FY EPS Guidance

	FY 2017
GAAP EPS from Continuing Operations	**$0.44 - $0.52**
Non-GAAP Adjustments	0.36
Adjusted EPS from Continuing Operations	**$0.80 - $0.88**

Note: Adjusted EPS guidance excludes non-service retirement related costs, restructuring and related costs, and amortization of intangibles.

Q1 Adjusted Effective Tax Rate

(in millions)	Three Months Ended March 31, 2017					Three Months Ended March 31, 2016				
		Pre-Tax (Loss) Income		Income Tax (Benefit) Expense	Effective Tax Rate		Pre-Tax Income		Income Tax (Benefit) Expense	Effective Tax Rate
Reported[(1)]	**$**	**(16)**	**$**	**(24)**	**150.0%**	**$**	**32**	**$**	**(2)**	**(6.3)%**
Non-GAAP Adjustments[(2)]		209		61			160		43	
Remeasurement of unrecognized tax positions		-		16			-		-	
Adjusted - revised[(3)]	**$**	**193**	**$**	**53**	**27.5%**	**$**	**192**	**$**	**41**	**21.4%**

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

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

(3) The tax impact on the 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.

Q1 Adjusted Operating Income/Margin

(in millions)	Three Months Ended March 31, 2017 (Loss) Profit	Revenue	Margin	Three Months Ended March 31, 2016 Profit	Revenue	Margin
Reported Pre-tax (Loss) Income [1]	**$ (16)**	**$ 2,454**	**(0.7%)**	**$ 32**	**$ 2,615**	**1.2%**
Adjustments:						
Restructuring and related costs	120			100		
Amortization of intangible assets	14			14		
Non-service retirement-related costs	62			46		
Equity in net income of unconsolidated affiliates	16			37		
Receivables write-off - Fuji Xerox	30			-		
Other expenses, net	54			45		
Adjusted Operating Profit/Margin	**$ 280**	**$ 2,454**	**11.4%**	**$ 274**	**$ 2,615**	**10.5%**

(1) Profit and revenue from continuing operations.

Q1/FY Free Cash Flow

(in millions)	Q1 2017 Actual	Q1 2016 Actual	FY 2017 Estimated
Operating Cash Flow from Continuing Operations	**$ 190**	**$ 87**	**$ 700 - 900**
Less: CAPEX (inclusive of Internal Use Software)	(26)	(32)	(175)
Free Cash Flow from Continuing Operations	**$ 164**	**$ 55**	**$ 525 - 725**

Q1 Adjusted Key Financial Ratios

(in millions)	Three Months Ended March 31, 2017						Three Months Ended March 31, 2016					
	As Reported[1]		Non-service retirement-related costs		Adjusted		As Reported[1]		Non-service retirement-related costs		Adjusted	
Total Revenues	$ 2,454		$ -		$ 2,454		$ 2,615		$ -		$ 2,615	
Total Gross Profit	954		23		977		1,018		17		1,035	
Post Sale revenue	1,952		-		1,952		2,073		-		2,073	
Post Sale Gross Profit	801		23		824		852		17		869	
RD&E	118		(8)		110		126		(8)		118	
SAG	664		(31)		633		701		(21)		680	
Total Gross Margin	38.9	%			39.8	%	38.9	%			39.6	%
Post Sale Gross Margin	41.0	%			42.2	%	41.1	%			41.9	%
RD&E as a % of Revenue	4.8	%			4.5	%	4.8	%			4.5	%
SAG as a % of Revenue	27.1	%			25.8	%	26.8	%			26.0	%

(1) Revenue and costs from continuing operations.

Q1 Adjusted Other, Net

(in millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Other expenses, net - Reported	**$ 54**	**$ 45**
Adjustment:		
Loss on early extinguishment of debt	(13)	-
Other expenses, net - Adjusted	**$ 41**	**$ 45**

Q1 Adjusted Equity in Net Income of Unconsolidated Affiliates

	Three Months Ended	
(in millions)	March 31, 2017	March 31, 2016
Equity Income in unconsolidated affiliates - Reported	**$ 16**	**$ 37**
Adjustment:		
Receivables write-off - Fuji Xerox	30	-
Equity Income in unconsolidated affiliates - Adjusted	**$ 46**	**$ 37**