Fourth-Quarter 2013 Earnings Presentation

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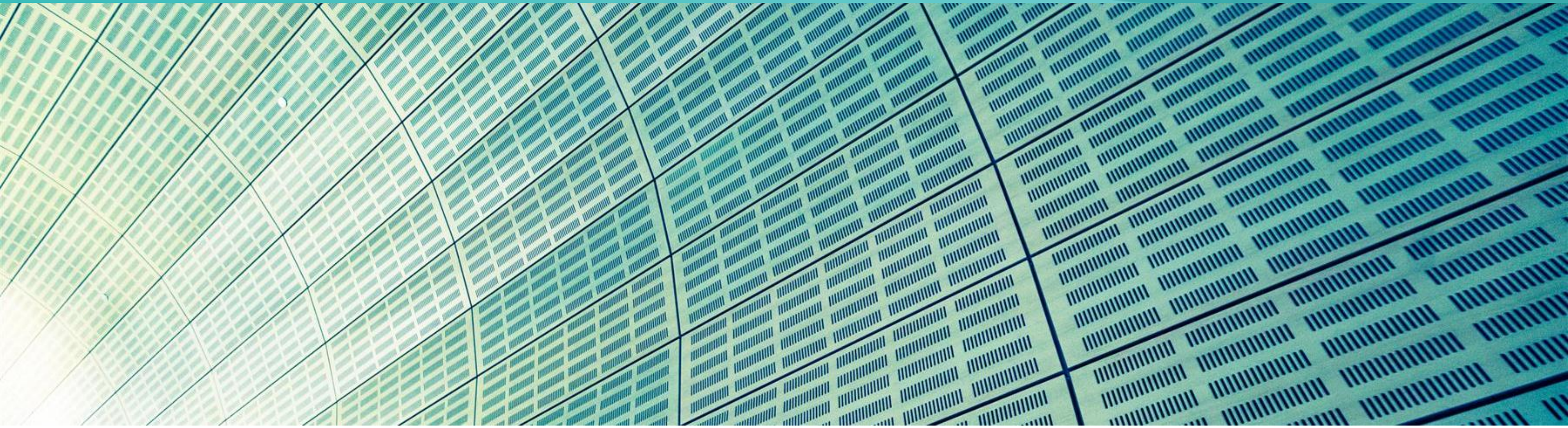

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Forward-Looking Statements

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. These 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; actions of competitors; 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 unexpected costs will be incurred; the risk that subcontractors, software vendors and utility and network providers will not perform in a timely, quality manner; our ability to recover capital investments; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term; the risk that our Services business could be adversely affected if we are unsuccessful in managing the ramp-up of new contracts; development of new products and services; our ability to protect our intellectual property rights; our ability to expand equipment placements; 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; interest rates, cost of borrowing and access to credit markets; reliance on third parties for manufacturing of products and provision of services; our ability to drive the expanded use of color in printing and copying; 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 Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, and our 2012 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The Company 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.

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Xerox Direction

- Services driven revenue growth
- Differentiated portfolio, analytics enabled
- Customer and employee focused
- Profitability in-line with industry best
- Shareholder centered capital allocation

Annuity 83%

of Total Revenue

Services 55%

of Total Revenue

Fourth-Quarter Overview

Adjusted EPS[1] of 29 cents, GAAP EPS[2] of 25 cents

Total revenue of $5.6B, down 3%, 4% CC[1]

Services revenue flat; margin of 9.6%

- Revenue growth in-line with guidance; good signings growth
- Focus on margin improvement continues

Document Technology revenue down 6%; margin of 11.7%

- Overall stable trends; good color install activity growth
- Segment margin above range of 9 to 11%

Operating margin[1] of 9.3%, down 130 bps YOY

Cash from ops of $968M; $2.4B Full-Year

- Full-Year share repurchase of ~$700M; year-end cash balance of $1.8B

[1]Adjusted EPS, Constant Currency (CC) and Operating Margin: see slide 22 for explanation of non-GAAP measures

[2]GAAP EPS from Continuing Operations

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Earnings

(in millions, except per share data)

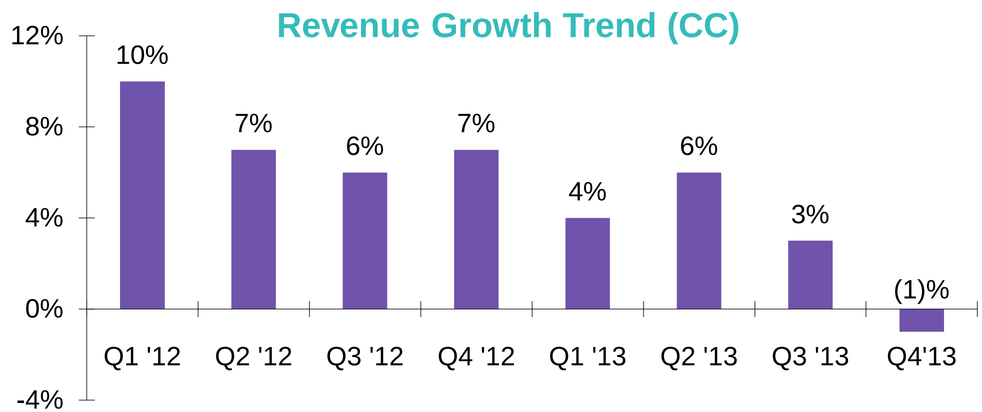
	Q4 2013	FY 2013	Comments
Revenue	$ 5,569	$ 21,435	FY Services grew 3%, Document Technology declined 6%
Gross Margin	30.7%	31.0%	
RD&E	$ 153	$ 601	
SAG	$ 1,037	$ 4,137	
SAG % of Revenue	*18.6%*	*19.3%*	
Adjusted Operating Income[1]	**$ 519**	**$ 1,910**	Student loan run-off, healthcare investments and higher pension settlement expense pressure margin
Operating Income % of Revenue	*9.3%*	*8.9%*	
Adjusted Other, net[1]	$ 96	$ 286	Re-invested Q4 asset sale gain of $29M into restructuring of $56M
Equity Income	$ 43	$ 169	
Adjusted Tax Rate[1]	24.5%	24.5%	Compares to prior year tax rate of 23% in Q4 and 24% FY
Adjusted Net Income – Xerox[1]	**$ 361**	**$ 1,390**	
Adjusted EPS[1]	**$ 0.29**	**$ 1.09**	In-line with guidance
Amortization of intangible assets	0.04	0.16	
GAAP EPS[2]	**$ 0.25**	**$ 0.93**	

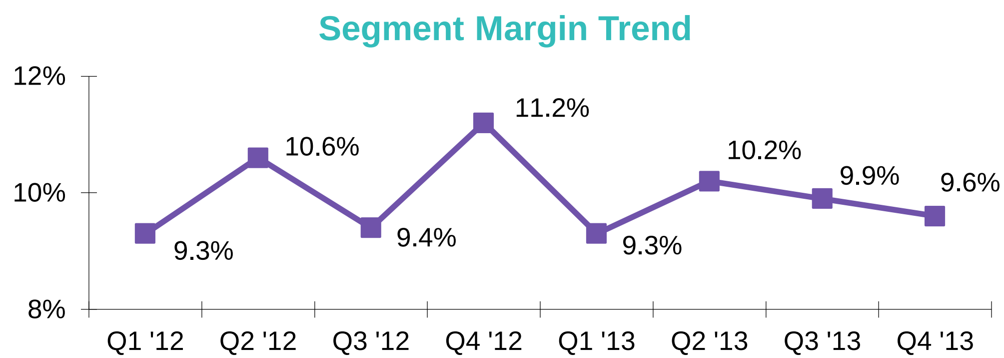
[1]Adjusted Operating Income, Adjusted Other, net, Adjusted Tax Rate, Adjusted Net Income – Xerox and Adjusted EPS: see slide 22 for explanation of non-GAAP measures

[2]GAAP EPS from Continuing Operations

Services Segment

(in millions)	Q4 2013	% B/(W) YOY Act Cur	% B/(W) YOY CC[1]	FY 2013	% B/(W) YOY Act Cur	% B/(W) YOY CC[1]
Total Revenue	$3,039	Flat	(1)%	$11,859	3%	3%
Segment Profit	$291	(15)%		$1,157	(1)%	
Segment Margin	9.6%	(1.6) pts		9.8%	(0.4) pts	





Revenue in-line with expectations

- BPO down 3%, impacted by student loan run-off and lack of inorganic contribution
- ITO up 2%, growth decelerating as expected
- DO up 4%, consistent with recent trends

Margin headwinds understood with improvement initiatives ramping through 2014

BPO/ITO renewal rate of 92%, new business signings[2] up 5% YOY

Signings (TCV)

Business Process Outsourcing	$1.8
Document Outsourcing	$0.9
Information Technology Outsourcing	$0.3
Total	**$3.0B**
YOY Growth	Flat
TTM Growth	21%

[1]Constant currency (CC): see slide 22 for explanation of non-GAAP measures

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

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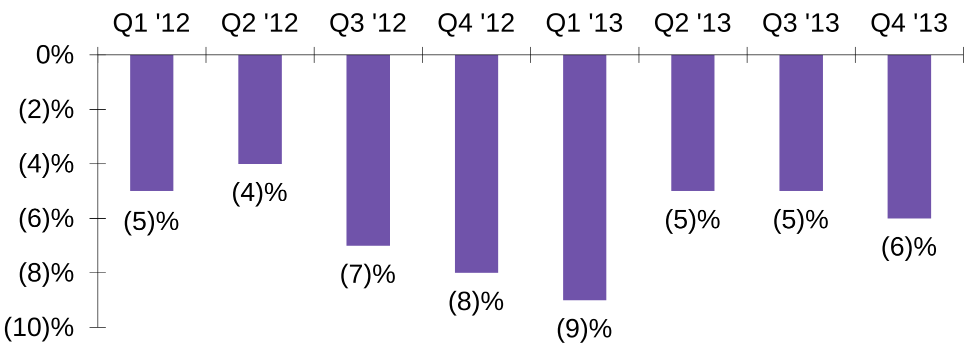
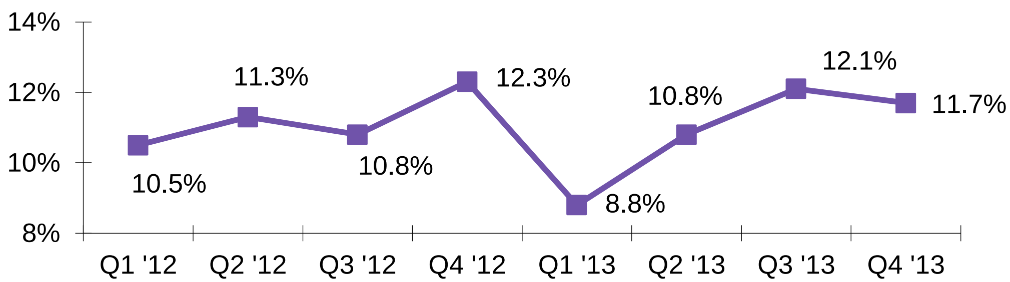
Document Technology Segment

(in millions)	Q4 2013	% B/(W) YOY Act Cur	% B/(W) YOY CC[1]	FY 2013	% B/(W) YOY Act Cur	% B/(W) YOY CC[1]
Total Revenue	$2,351	(6)%	(6)%	$8,908	(6)%	(6)%
Segment Profit	$274	(11)%		$966	(9)%	
Segment Margin	11.7%	(0.6) pts		10.8%	(0.5) pts	

Revenue Growth Trend (CC)



Segment Margin Trend



Revenue down mid-single digits

- Positive U.S. and High-end results, developing markets weaker
- Continued strong color install growth

Over half of revenue from Mid-Range

- 59% Mid-Range, 19% Entry and 22% High-End

Strong margin of 11.7%

- Above range of 9 to 11%

	Q4	FY
Entry Installs		
A4 Mono MFDs	(26)%	(20)%
A4 Color MFDs	1%	24%
Color Printers	17%	5%
Mid-Range Installs		
Mid-Range B&W MFDs	(1)%	(3)%
Mid-Range Color MFDs	11%	8%
High-End Installs		
High-End B&W	5%	(8)%
High-End Color[2]	20%	43%

[1]Constant currency (CC): see slide 22 for explanation of non-GAAP measures

[2]High-end color install growth impacted by high digital front end (DFE) sales to Fuji Xerox, High-end up 7% in Q4 and up 7% FY excluding DFE's.

Cash Flow

(in millions)	Q4 2013	FY 2013
Net Income	$ 311	$ 1,179
Depreciation and amortization	346	1,358
Restructuring and asset impairment charges	56	116
Restructuring payments	(29)	(136)
Contributions to defined benefit pension plans	(68)	(230)
Inventories	144	(38)
Accounts receivable and Billed portion of finance receivables[1]	92	(94)
Accounts payable and Accrued compensation	94	(29)
Equipment on operating leases	(96)	(303)
Finance receivables[1]	105	667
Other	13	(115)
Cash from Operations	**$ 968**	**$ 2,375**
Cash from Investing	**$ (53)**	**$ (452)**
Cash from Financing	**$ (100)**	**$ (1,402)**
Change in Cash and Cash Equivalents	816	518
Ending Cash and Cash Equivalents	**$ 1,764**	**$ 1,764**

- Cash From Ops ~$1B in Q4, $2.4B FY
- Underlying Cash from Ops[2] $2.1B FY
  - $300M net impact of finance receivables transactions, no 2014 transactions planned
- Working capital generated more evenly through 2013
- FY CAPEX $427M
- FY Acquisitions $155M
- $272M FY Common Stock dividend payments
- Q4 Share repurchase $524M, ~$700M FY

[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

[2]See Underlying Cash Flow slide in Appendix

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Balance Sheet and Capital Allocation

2014 Guidance

(in billions)	
Cash from Ops	**$1.8 - $2.0**
CAPEX	$(0.5)
Free Cash Flow[1]	**$1.3 - $1.5**
Share Repurchase	>$0.5
Acquisitions	<$0.5
Dividends	~$0.3
Debt Reduction	~$0.2

Common Dividend Increase

	Current	New[2]
Quarterly Dividend / share	5.75 cents	6.25 cents
Annual Dividend amount	~$300M	~$300M

- Targeting gradual dividend increase over time
- Dividends supported by strong annuity driven cash flow and share repurchase

Financing

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

Q4 2013

(in billions)	Fin. Assets	Debt
Financing	$5.1	$ 4.4
Core	-	$ 3.6
Total Xerox	$ 5.1	$ 8.0

Key Messages

- Cash Flow guidance consistent with communication at Nov '13 Investor Conference
- Ending cash balance of $1.8B provides upside to planned capital allocation levels
- $500M Dec '13 note offering at 2.75%, includes $200M pre-funding of May '14 note
- Announcing 8.7% increase in quarterly common dividend to 6.25 cents per share[2]

[1]Free Cash Flow: see slide 22 for explanation of non-GAAP measures

[2]Dividend increase effective for common dividend payable on April 30, 2014

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Summary

2013 Progress

- Addressing Services headwinds; signings and renewal rates positive
- Document Technology trend stable; improving share while managing cost

Focused on executing our strategy in 2014

- Implementing our five plank strategy to improve Services growth and profitability
- Continue focus on maintaining Document Technology leadership and profitability

Strong Annuity driven Cash Flow

- Committed to delivering shareholder value through balanced capital allocation

EPS guidance[1]

- Q1 Adjusted EPS \$0.23 - \$0.25, GAAP EPS[2] \$0.19 - \$0.21
  - Includes approximately one cent restructuring
- Maintaining FY Adjusted EPS \$1.10 - \$1.16, GAAP EPS[2] \$0.93 - \$0.99

[1]Guidance - Adjusted EPS: see slide 22 for explanation of non-GAAP measures

[2]GAAP EPS from Continuing Operations

Q & A

Xerox Direction

- Services driven revenue growth
- Differentiated portfolio, analytics enabled
- Customer and employee focused
- Profitability in-line with industry best
- Shareholder centered capital allocation

Annuity 83%

of Total Revenue

Services 55%

of Total Revenue

Appendix

Revenue Trend

	2011 (not Restated)		2012 (Restated)					2013 (Restated)				
(in millions)	FY	Pro - forma[3]	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Total Revenue[1]	**$ 22,626**		**$5,331**	**$5,368**	**$5,275**	**$5,763**	**$21,737**	**$5,202**	**5,402**	**5,262**	**$5,569**	**$21,435**
Growth	*5%*	*2%*	*1%*	*(1)%*	*(2)%*	*(1)%*	*(1)%*	*(2)%*	*1%*	*Flat*	*(3)%*	*(1)%*
CC[2] Growth	*3%*	*Flat*	*2%*	*1%*	*Flat*	*Flat*	*Flat*	*(2)%*	*1%*	*(1)%*	*(4)%*	*(2)%*
Annuity[1]	**$ 18,770**		**$ 4,520**	**$ 4,522**	**$ 4,470**	**$4,749**	**$18,261**	**$ 4,478**	**$4,547**	**$4,451**	**$4,600**	**$18,076**
Growth	*6%*	*2%*	*2%*	*1%*	*Flat*	*3%*	*1%*	*(1)%*	*1%*	*Flat*	*(3)%*	*(1)%*
CC[2] Growth	*4%*	*1%*	*3%*	*3%*	*3%*	*4%*	*2%*	*(1)%*	*1%*	*(1)%*	*(3)%*	*(1)%*
Annuity % Revenue	**83%**		**85%**	**84%**	**85%**	**82%**	**84%**	**86%**	**84%**	**85%**	**83%**	**84%**
Equipment	**$ 3,856**		**$ 811**	**$ 846**	**$ 805**	**$1,014**	**$3,476**	**$724**	**$855**	**$811**	**$969**	**$3,359**
Growth	*Flat*	*Flat*	*(2)%*	*(9)%*	*(14)%*	*(13)%*	*(10)%*	*(11)%*	*1%*	*1%*	*(4)%*	*(3)%*
CC[2] Growth	*(1)%*	*(1)%*	*(1)%*	*(6)%*	*(12)%*	*(13)%*	*(8)%*	*(11)%*	*1%*	*Flat*	*(5)%*	*(4)%*

[1]2012 and Q1 2013 Total Revenue and Annuity are revised to remove the North American and European paper revenues that were reclassified to discontinued operations. Constant currency growth is estimated for those periods.

[2]Constant currency: see slide 22 for explanation of non-GAAP measures

[3]Pro-forma revenue growth adjusts 2010 results to include ACS historical results for the comparable periods

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Segment Revenue Trend

(in millions)	2011 (not Restated) FY	2011 (not Restated) Pro - forma[3]	2012 (Restated) Q1	2012 (Restated) Q2	2012 (Restated) Q3	2012 (Restated) Q4	2012 (Restated) FY	2013 (Restated) Q1	2013 (Restated) Q2	2013 (Restated) Q3	2013 (Restated) Q4	2013 (Restated) FY
Services	**$10,837**		**$2,821**	**$2,806**	**$2,847**	**$3,054**	**$11,528**	**$2,920**	**$2,956**	**$2,944**	**$3,039**	**$11,859**
Growth	*12%*	*6%*	*9%*	*5%*	*5%*	*7%*	*6%*	*4%*	*5%*	*3%*	*Flat*	*3%*
CC[2] Growth	*11%*	*5%*	*10%*	*7%*	*6%*	*7%*	*7%*	*4%*	*6%*	*3%*	*(1)%*	*3%*
Document Technology	**$ 10,259**		**$ 2,338**	**$2,370**	**$2,259**	**$2,495**	**$9,462**	**$2,135**	**$2,263**	**$2,159**	**$2,351**	**$8,908**
Growth	*(1)%*	*(1)%*	*(6)%*	*(7)%*	*(10)%*	*(8)%*	*(8)%*	*(9)%*	*(5)%*	*(4)%*	*(6)%*	*(6)%*
CC[2] Growth	*(3)%*	*(3)%*	*(5)%*	*(4)%*	*(7)%*	*(8)%*	*(6)%*	*(9)%*	*(5)%*	*(5)%*	*(6)%*	*(6)%*
Other[1]	**$ 1,530**		**$ 172**	**$192**	**$169**	**$214**	**$747**	**$147**	**$183**	**$159**	**$179**	**$668**
Growth	*(7)%*	*(7)%*	*(13)%*	*(4)%*	*(11)%*	*(2)%*	*(7)%*	*(15)%*	*(5)%*	*(6)%*	*(16)%*	*(11)%*
CC[2] Growth	*(9)%*	*(9)%*	*(12)%*	*(2)%*	*(9)%*	*(1)%*	*(6)%*	*(15)%*	*(5)%*	*(8)%*	*(17)%*	*(11)%*

[1]2012 and Q1 2013 Total Revenue and Annuity are revised to remove the North American and European paper revenues that were reclassified to discontinued operations. Constant currency growth is estimated for those periods.

[2]Constant currency: see slide 22 for explanation of non-GAAP measures

[3]Pro-forma revenue growth adjusts 2010 results to include ACS historical results for the comparable periods

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Metrics Reference

Signings and Renewal Rate

	FY
Business Process Outsourcing	$8.9
Document Outsourcing	$3.3
Information Technology Outsourcing	$1.0
Total	**$13.2B**
Signings Growth TTM	21%

	FY
Renewal Rate (BPO and ITO)	92%

Install, MIF and Page Growth

Entry Installs	FY
A4 Mono MFDs	(20)%
A4 Color MFDs	24%
Color Printers	5%
Mid-Range Installs	
Mid-Range B&W MFDs	(3)%
Mid-Range Color MFDs	8%
High-End Installs	
High-End B&W	(8)%
High-End Color[1]	43%

	FY
Digital MIF	3%
Color MIF	12%
Digital Pages	(2)%
Color Pages	7%
Color Revenue (CC)	(3)%

Installs, color revenue, pages and MIF include both the Document Technology and Services segments. Color revenue and color pages reflect revenue and pages from color capable devices.

[1]High-end color install growth impacted by high digital front end (DFE) sales to Fuji Xerox, High-end up 7% YTD excluding DFE's.

Underlying Cash Flow

(in billions)	2011	2012	2013	Estimated 2014
Operating Cash Flow (OCF)	$2.0	$2.6	$2.4	$1.8 - $2.0
Adjustments:				
Cash From F/R Sales	-	($0.6)	($0.6)	-
Impact from prior F/R Sales[1]	-	-	$0.3	$0.4
Underlying OCF[2]	$2.0	$2.0	$2.1	$2.2 - $2.4

[1]Represents cash that would have been collected if we had not sold finance receivables. Net of collections on beneficial interest

[2]Uncerlying OCF is reported OCF adjusted for the impacts of Finance Receivable sales

2014 Guidance

	2014
Revenue Growth @ CC	Flat to up 2%
Services	Mid-single digit growth
Document Technology	Mid-single digit decline
Adjusted EPS[1] (incl restructuring)	$1.10 - $1.16
GAAP EPS	$0.93 - $0.99
Cash From Operations	$1.8 - $2.0B
CAPEX	$ 0.5B
Free Cash Flow	$1.3 - $1.5B
Share Repurchase	>$500M
Acquisitions	<$500M
Dividend	~$300M

Revenue dynamics continue

- Services a larger portion of the total
- Document Technology trend stable to improving

Adjusted EPS growth from operations

- Cost initiatives, portfolio management and restructuring drive operating margin improvement
- Share repurchase supports expansion

Solid cash flow and balanced capital allocation

- Underlying cash flow of $2B+

Note: Revenue growth guidance excluding potential divestitures
[1]Adjusted for amortization of intangible assets
Constant Currency (CC) and Free Cash Flow: see slide 22 for explanation of non-GAAP measures

Discontinued Operations Summary

(in millions)	Three Months Ended December 31, 2013	Three Months Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2012
Revenues *	$ 34	$ 160	$ 403	$ 653
(Loss) income from operations	$ (2)	$ 1	$ 3	$ 16
Loss on disposal	(2)	-	(25)	-
Net (loss) income before income taxes	(4)	1	(22)	16
Income tax expense	-	-	(4)	(5)
(Loss) income from discontinued operations, net of tax	$ (4)	$ 1	$ (26)	$ 11
Diluted earnings per share from discontinued operations	$ (0.01)	$ -	$ (0.02)	$ 0.01
Total diluted earnings per share, inclusive of discontinued operations	$ 0.24	$ 0.26	$ 0.91	$ 0.88

*Fourth Quarter 2013 revenue from discontinued operations reflects one month of revenue from our European Paper business since the sale was completed October 31, 2013. Year-to-date 2013 revenue from discontinued operations reflects ten months of revenue from our European Paper business and five months of revenue from our N.A. Paper business since this sale was completed May 31, 2013.

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Discontinued Operations Restatement Summary

Detailed below is the restatement for Other Segment and Total Segment results by quarter for 2013 and 2012 related to the movement of the North American and European Paper business to Discontinued Operations. The entire restated income statement for these periods can be found in the financial model included on our website at http://news.xerox.com/investors/materials.

(in millions)	Q1	Q2	Q3	Q4	YTD
2013					
Other Segment Revenue	$ 147	$ 183	$ 159	$ 179	$ 668
Total Performance Revenue	**$ 5,202**	**$ 5,402**	**$ 5,262**	**$ 5,569**	**$ 21,435**
Other Segment Profit	$ (70)	$ (61)	$ (55)	$ (36)	$ (222)
Total Segment Profit	**$ 390**	**$ 484**	**$ 498**	**$ 529**	**$ 1,901**
Other Segment Margin	(47.6%)	(33.3%)	(34.6%)	(20.1%)	(33.2%)
Total Segment Margin	**7.5%**	**9.0%**	**9.5%**	**9.5%**	**8.9%**

	Q1	Q2	Q3	Q4	FY
2012					
Other Segment Revenue	$ 172	$ 192	$ 169	$ 214	$ 747
Total Performance Revenue	**$ 5,331**	**$ 5,368**	**$ 5,275**	**$ 5,763**	**$ 21,737**
Other Segment Profit	$ (57)	$ (71)	$ (66)	$ (62)	$ (256)
Total Segment Profit	**$ 451**	**$ 495**	**$ 448**	**$ 588**	**$ 1,982**
Other Segment Margin	(33.1%)	(37.0%)	(39.1%)	(29.0%)	(34.3%)
Total Segment Margin	**8.5%**	**9.2%**	**8.5%**	**10.2%**	**9.1%**

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 2013 and 2012 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.

“Pro-forma Basis”: To better understand the trends in our business, we discuss our 2011 revenue growth by comparing revenue in that year against an adjusted prior period revenue amount which includes ACS historical revenue for the comparable periods. We acquired ACS on February 5, 2010 and ACS’s results subsequent that date are included in our reported results. Accordingly, for comparison of our 2011 revenues to 2010, we added ACS’s 2010 estimated revenues for the period January 1 through February 5, 2010 to our reported 2010 results (pro-forma 2010). We refer to the comparison against this adjusted 2010 revenue amount as “pro-forma’ based comparisons. We believe the pro-forma comparisons provide investors with a better understanding and additional perspective of the expected post-acquisition revenue trends as well as the impact of the ACS acquisition.

Non-GAAP Financial Measures

"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.

"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.

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.

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 slides.

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Q4 and FY GAAP EPS to Adjusted EPS Track

(in millions; except per share amounts)	Three Months Ended December 31, 2013 Net Income	Three Months Ended December 31, 2013 EPS	Three Months Ended December 31, 2012 Net Income	Three Months Ended December 31, 2012 EPS
Reported[1]	**$ 310**	**$ 0.25**	**$ 334**	**$ 0.26**
Adjustments:				
Amortization of intangible assets	51	0.04	51	0.04
Adjusted	**$ 361**	**$ 0.29**	**$ 385**	**$ 0.30**
Weighted average shares for adjusted EPS[2]		1,261		1,296
Fully diluted shares at end of period[3]		1,235		

(in millions; except per share amounts)	Year Ended December 31, 2013 Net Income	Year Ended December 31, 2013 EPS	Year Ended December 31, 2012 Net Income	Year Ended December 31, 2012 EPS
Reported[1]	**$ 1,185**	**$ 0.93**	**$ 1,184**	**$ 0.87**
Adjustments:				
Amortization of intangible assets	205	0.16	203	0.15
Adjusted	**$ 1,390**	**$ 1.09**	**$ 1,387**	**$ 1.02**
Weighted average shares for adjusted EPS[2]		1,274		1,356
Fully diluted shares at end of period[3]		1,235		

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

(2) Average shares for the calculation of adjusted EPS include 27 million of shares associated with the Series A convertible preferred stock and therefore the related quarterly dividend was excluded.

(3) Represents common shares outstanding at December 31, 2013 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 fourth quarter 2013.

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GAAP EPS to Adjusted EPS Guidance Track

	Earnings Per Share Guidance	
	Q1 2014	**FY 2014**
GAAP EPS from Continuing Operations	**$0.19 - $0.21**	**$0.93 - $0.99**
<u>Adjustments:</u>		
Amortization of intangible assets	0.04	0.17
Adjusted EPS	**$0.23 - $0.25**	**$1.10 - $1.16**

Note: GAAP and Adjusted EPS guidance includes anticipated restructuring

Q4 and FY Adjusted Operating Income/Margin

(in millions)	Three Months Ended December 31, 2013 Profit	Revenue	Margin	Three Months Ended December 31, 2012 Profit	Revenue	Margin
Reported pre-tax income [(1)]	**$ 345**	**$ 5,569**	**6.2%**	**$ 366**	**$ 5,763**	**6.4%**
<u>Adjustments:</u>						
Amortization of intangible assets	83			82		
Xerox restructuring charge	56			91		
Other expenses, net	35			71		
Adjusted Operating	**$ 519**	**$ 5,569**	**9.3%**	**$ 610**	**$ 5,763**	**10.6%**
Equity in net income of unconsolidated affiliates	43			47		
Fuji Xerox restructuring charge	1			1		
Other expenses, net*	(34)			(70)		
Segment Profit/Revenue	**$ 529**	**$ 5,569**	**9.5%**	**$ 588**	**$ 5,763**	**10.2%**

(in millions)	Year Ended December 31, 2013 Profit	Revenue	Margin	Year Ended December 31, 2012 Profit	Revenue	Margin
Reported pre-tax income [(1)]	**$ 1,312**	**$ 21,435**	**6.1%**	**$ 1,332**	**$ 21,737**	**6.1%**
<u>Adjustments:</u>						
Amortization of intangible assets	332			328		
Xerox restructuring charge	116			154		
Other expenses, net	150			261		
Adjusted Operating	**$ 1,910**	**$ 21,435**	**8.9%**	**$ 2,075**	**$ 21,737**	**9.5%**
Equity in net income of unconsolidated affiliates	169			152		
Fuji Xerox restructuring charge	9			16		
Litigation matters	(37)			-		
Other expenses, net	(150)			(261)		
Segment Profit/Revenue	**$ 1,901**	**$ 21,435**	**8.9%**	**$ 1,982**	**$ 21,737**	**9.1%**

* Includes rounding adjustments.

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

Q4 and FY Adjusted Other, net

(in millions)	Three Months Ended December 31, 2013	Three Months Ended December 31, 2012
Other expenses, net - Reported	**$ 35**	**$ 71**
Adjustments:		
Xerox restructuring charge	56	91
Net income attributable to noncontrolling interests	5	8
Other expenses, net - Adjusted	**$ 96**	**$ 170**

(in millions)	Year Ended December 31, 2013	Year Ended December 31, 2012
Other expenses, net - Reported	**$ 150**	**$ 261**
Adjustments:		
Xerox restructuring charge	116	154
Net income attributable to noncontrolling interests	20	28
Other expenses, net - Adjusted	**$ 286**	**$ 443**

Q4 and FY Adjusted Effective Tax Rate

	Three Months Ended December 31, 2013			Three Months Ended December 31, 2012		
(in millions)	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported(1)	**$ 345**	**$ 73**	**21.2%**	**$ 366**	**$ 71**	**19.4%**
Adjustments:						
Amortization of intangible assets	83	32		82	31	
Adjusted	**$ 428**	**$ 105**	**24.5%**	**$ 448**	**$ 102**	**22.8%**

	Year Ended December 31, 2013			Year Ended December 31, 2012		
(in millions)	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported(1)	**$ 1,312**	**$ 276**	**21.0%**	**$ 1,332**	**$ 272**	**20.4%**
Adjustments:						
Amortization of intangible assets	332	127		328	125	
Adjusted	**$ 1,644**	**$ 403**	**24.5%**	**$ 1,660**	**$ 397**	**23.9%**

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

Q4 and FY Free Cash Flow

(in millions)	Three Months Ended December 31, 2013	Three Months Ended December 31, 2012
Cash Flow from Operations	**$ 968**	**$ 1,773**
Additions to land, buildings and equipment	(93)	(105)
Additions to internal use software	(18)	(25)
Free Cash Flow	**$ 857**	**$ 1,643**

(in millions)	Year Ended December 31, 2013	Year Ended December 31, 2012
Cash Flow from Operations	**$ 2,375**	**$ 2,580**
Additions to land, buildings and equipment	(346)	(388)
Additions to internal use software	(81)	(125)
Free Cash Flow	**$ 1,948**	**$ 2,067**

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Q4 and FY Services Revenue Breakdown

(in millions)	Three Months Ended December 31, 2013	2012	Change	Year Ended December 31, 2013	2012	Change
Business Processing Outsourcing	$ 1,803	$ 1,853	(3%)	$ 7,160	$ 7,061	1%
Document Outsourcing	889	856	4%	3,337	3,210	4%
Information Technology Outsourcing	397	389	2%	1,551	1,426	9%
Less: Intra-Segment Eliminations	(50)	(44)	14%	(189)	(169)	12%
Total Revenue - Services	**$ 3,039**	**$ 3,054**	**--**	**$ 11,859**	**$ 11,528**	**3%**

Note:

- Starting in 2013 the Communication & Marketing Services (CMS) business was transferred from Document Outsourcing (DO) to Business Process Outsourcing (BPO). As a result 2012 BPO and DO revenues have been revised, the revised amounts by quarter are $108M for Q1, $114M for Q2, $109M for Q3 and $119M for Q4.

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