### Xerox Reports Third Quarter 2015 Results

#### Third Quarter Overview

- **EPS:** adjusted\(^1\) EPS of $0.24/share, GAAP EPS from continuing operations of $(0.04)/share
- Adjusted results exclude previously announced Health Enterprise related charge of $389 million ($241 million after-tax)
- **Q3 adjusted total revenue** of $4.4 billion; down 7% YOY (down 4% CC\(^*\))
  - Services: decrease of 3% YOY (flat CC\(^*\))
  - Document Technology: decrease of 12% YOY (down 9% CC\(^*\))
  - Annuity revenue of $3.8 billion; down 7% YOY (down 3% CC\(^*\)); 85% of total
  - Equipment revenue of $668 million; down 11% YOY (down 7% CC\(^*\)); 15% of total
- **Operating margin** of 8.7%; down 0.9pts YOY
- **Segment margins:** Services 8.1%, Technology 12.8%
- **Cash from operations:** $271 million

#### Services Segment

- **Q3 adjusted revenue** of $2.5 billion; down 3% YOY (flat CC\(^*\))
- **Services 57% of total company adjusted revenue**
- **Revenue mix** of 68% BPO, 32% DO
- **Adjusted segment margin** 8.1%; down 1.0 pts YOY
  - Margin up sequentially and in line with guidance
- **Year-over-year revenue:**
  - 4% or 1% decline in CC\(^*\) in Business Process Outsourcing (BPO)
  - 3% decline or up 3% CC\(^*\) in Document Outsourcing (DO)
- **Metrics:**
  - Signings of $1.9 billion TCV
  - Down 7% YOY and up 5% TTM
  - New business down 9% YOY, down 14% TTM
  - **Renewal rate (BPO and DO) of 89%**

#### Document Technology Segment

- **Q3 revenue** of $1.8 billion; down 12% YOY (down 9% CC\(^*\))
  - Revenue pressures from developing markets increased significantly
  - Annuity revenue down 12% YOY (down 8% CC\(^*\)), 70% of revenue
  - Equipment revenue down 13% YOY (down 10% CC\(^*\)), 30% of revenue
- Including DO, revenue decline stable, down 5% CC\(^*\)
- **Segment margin** 12.8%; down 1.2 pts YOY
  - Continued strong margin; within FY range of 11-13%
  - **Revenue mix** of 19% entry, 58% mid-range, 23% high-end

#### Installs\(^3\)

<table>
<thead>
<tr>
<th>Entry</th>
<th>Mid-Range</th>
<th>High-End</th>
</tr>
</thead>
<tbody>
<tr>
<td>A4 Color MFDs</td>
<td>94% Mid-Range Color MFDs</td>
<td>(2)%</td>
</tr>
<tr>
<td>Color Printers</td>
<td>(36)% Mid-Range B&amp;W MFDs</td>
<td>(28)%</td>
</tr>
<tr>
<td>A4 Mono MFDs</td>
<td>(13%)</td>
<td></td>
</tr>
<tr>
<td>High-End Color</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High-End B&amp;W</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Guidance

- **Adjusted Revenue:** FY 2015 down ~3% CC
- **EPS:**
  - Q4 2015 adjusted\(^1\): $0.28 – $0.30
  - FY 2015 adjusted\(^1\): $0.95 - $1.01 (low-end)
- **GAAP (from Continuing Operations):**
  - Q4 2015: $0.23 - $0.25; FY 2015: $0.46 - $0.52
- **FY Share repurchases:** $1.3 billion
- **FY Acquisitions:** ~$200 million
- **Q4 & FY 2015 adjusted\(^1\) tax rate:** 25% - 27%
- **FY Operating Cash Flow:** $1.6 - $1.7 billion
- **FY CAPEX:** ~$0.3 billion
- **FY Free Cash Flow:** $1.3 - $1.4 billion
- **Year-end debt:** ~$7.4 billion

---

\(^1\) Adjustments limited to the amortization of intangible assets and Health Enterprise charges in 2015

\(^2\) Average shares for the calculation of adjusted EPS for third quarter 2015 include 27 million of shares associated with the Series A convertible preferred stock and therefore the related quarterly dividend was excluded. Outstanding represents common shares outstanding for the quarter plus potential dilutive common and preferred shares (includes shares associated with our Series A convertible preferred stock)

\(^3\) Installs include Document Technology and Services segments

(4) High-end install growth impacted by digital front end (DFE) sales to Fuji Xerox, High-end flat in Q3 excluding DFE's

Please see our forward looking statements and non-GAAP reconciliation contained in our third quarter 2015 earnings release posted on our website at [http://www.xerox.com](http://www.xerox.com)