

Financial Overview

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Xerox Investment Proposition

Global Market Leader	Attractive Market Opportunities	Disciplined Operator	Strong Annuity-Driven Cash Flow	Sustainable Shareholder Returns
<p>Strong global brand</p> <p>#1 share in key segments</p>	<p>Positioned for growth in DO, SMB, A4 and High-End color</p> <p>Largest ever product launch starting in 2017, supporting channel expansion</p>	<p>Consistent, double digit operating margins¹</p> <p>\$1.5B+ strategic transformation underway</p>	<p>Annuity >75% of revenue</p> <p>Capital-light business model</p>	<p>Strong free cash flow¹</p> <p>Attractive return to shareholders</p>

Value creation driven by strong underlying cash flow generation, margin expansion and improving longer-term revenue trajectory

Global Leader with a Strong, Diverse Business Profile

Financial Profile (FY'15)

\$11.5B
Revenue

12.7%
Operating Margin¹

\$1,055M
Operating Cash Flow

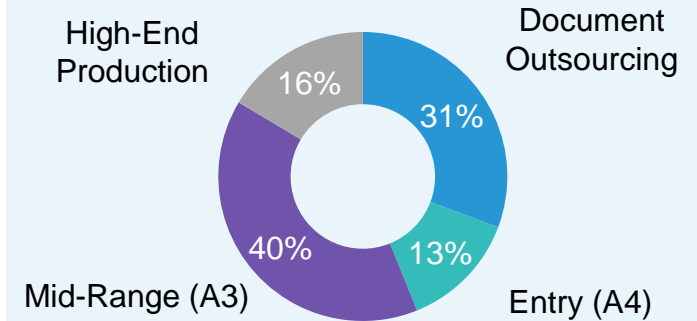
Annuity-Based Model

>75%
of revenue annuity-based

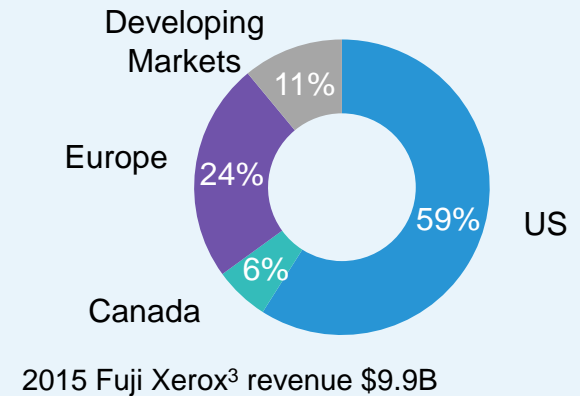
Strategic Growth Mix

37%
Strategic Growth Areas

Offering Mix²



Geographic Mix



¹ Operating Margin: see Non-GAAP Financial Measures.

² Excludes Other revenue.

³ Fuji Xerox operates in Japan, China, Australia, New Zealand, Vietnam and other areas of the Pacific Rim.

Strong Annuity Driven Business Model

Revenue

>75% annuity;
predictable, recurring revenue

- Signings and install growth drive MIF and market share
- Historic 5% equipment price declines comprehended/offset by productivity
- Page volumes – stable decline
- Increasing portion of revenues in Strategic Growth Areas will improve revenue trajectory
- Majority of supplies revenue in bundled contracts

Profitability

Operating Margin¹ 12%+
for past 3 years

- 3-year Strategic Transformation program to deliver \$1.5B+ in gross productivity savings, supports:
 - Margin expansion
 - Modest growth investments
- Annuity streams drive margin; equipment margin positive (outside Entry products)
- Transaction currency driven primarily by Yen/Euro/USD

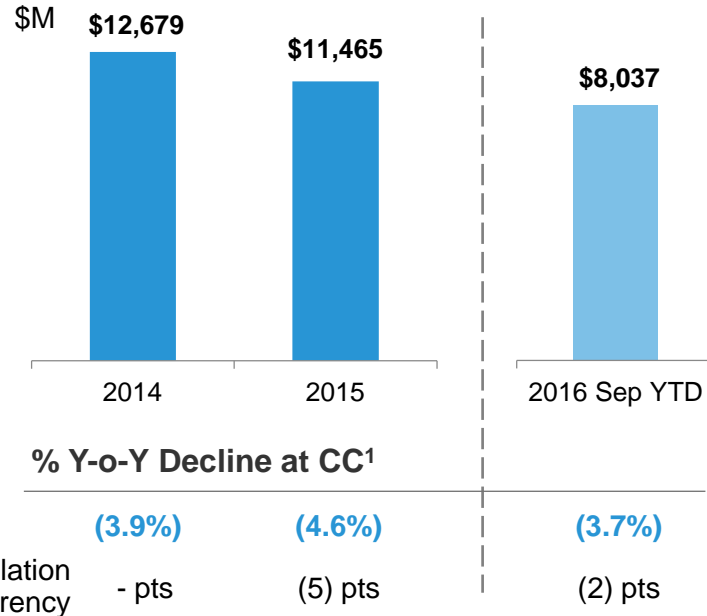
Cash Flow

High visibility to
Free Cash Flow¹

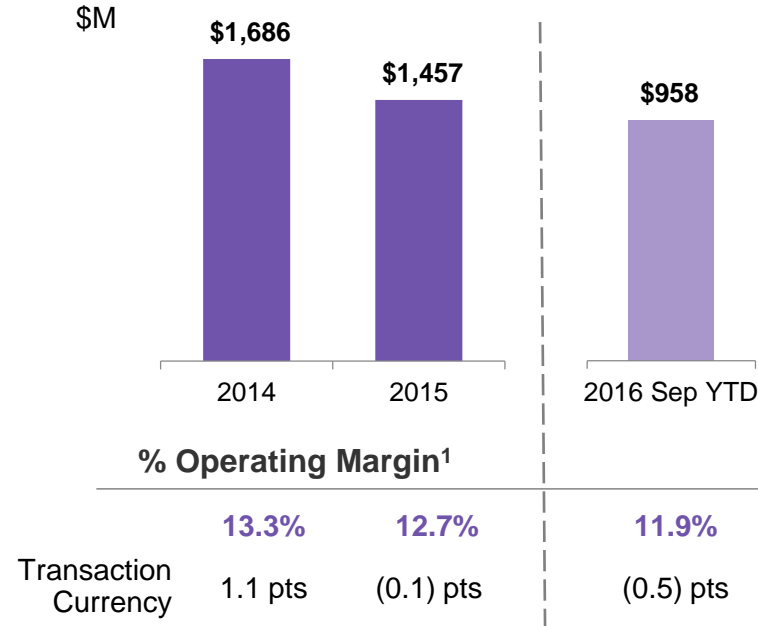
- Strong, stable annuity revenue drives cash flow
- Strategic Transformation and modest growth investments drive improved profitability and cash flow
- Capital-light business model – CAPEX less than 2% revenue
- Restructuring and pension impacts moderate over time

Historical Performance

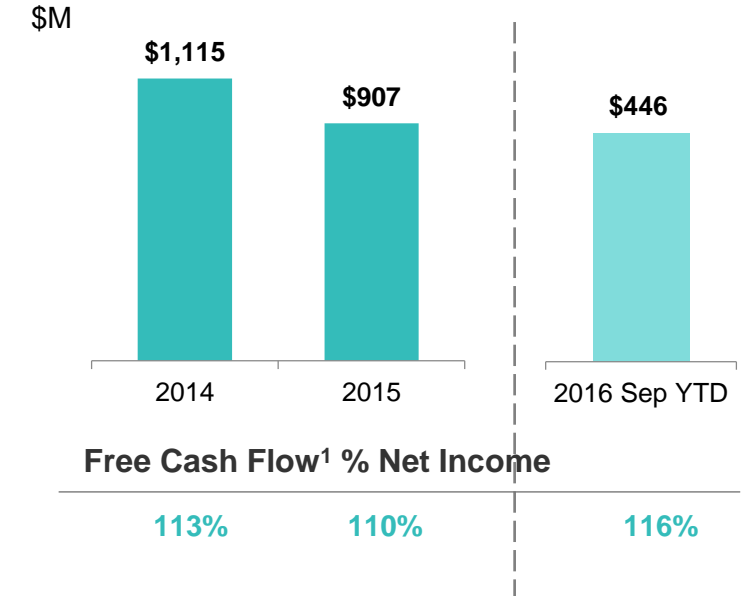
Revenue



Operating Profit¹



Free Cash Flow¹



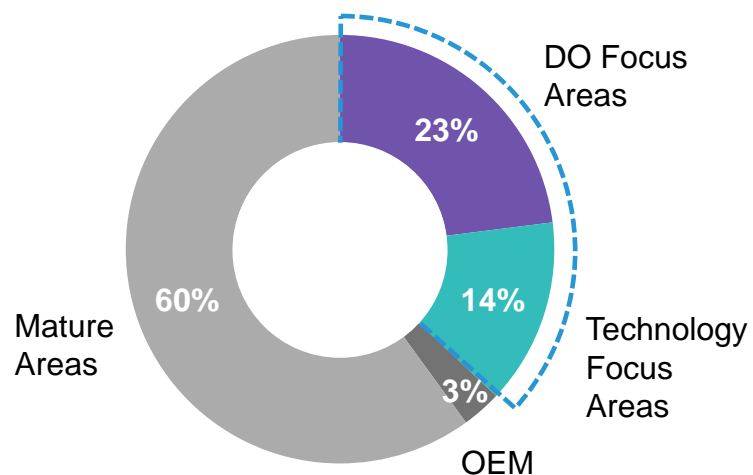
- Moderating revenue declines
- Strong dollar has pressured revenue

- Q4 operating margin¹ seasonally stronger
- Expect 2016 operating margin¹ to be 12% - 12.5%

- Q4 cash flow seasonally stronger
- 2016 impacted by higher restructuring and separation payments

Growing Portion of Revenues in Strategic Growth Areas Will Improve Revenue Trajectory

Strategic Growth Areas:
~\$4.2B, ~37% of revenue¹

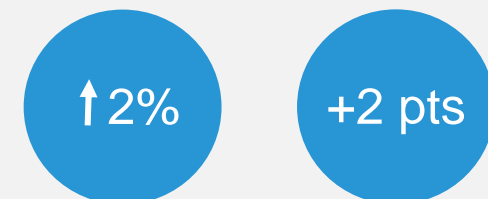


Growing Markets

Document Outsourcing focus areas	
- Large Enterprise MPS	+2%
- SMB MPS	+7%
- Workflow Automation	+13%
Technology focus areas	
- Production Color (includes Inkjet growing at +10%)	+5%
- A4 MFPs	+3%

Positive Mix Shift Over Time

2016 Performance - Sep YTD



↑ 2%
YOY growth at CC²

+2 pts
Shifted YOY

Expect ~3 pts of annual revenue shift to Strategic Growth Areas

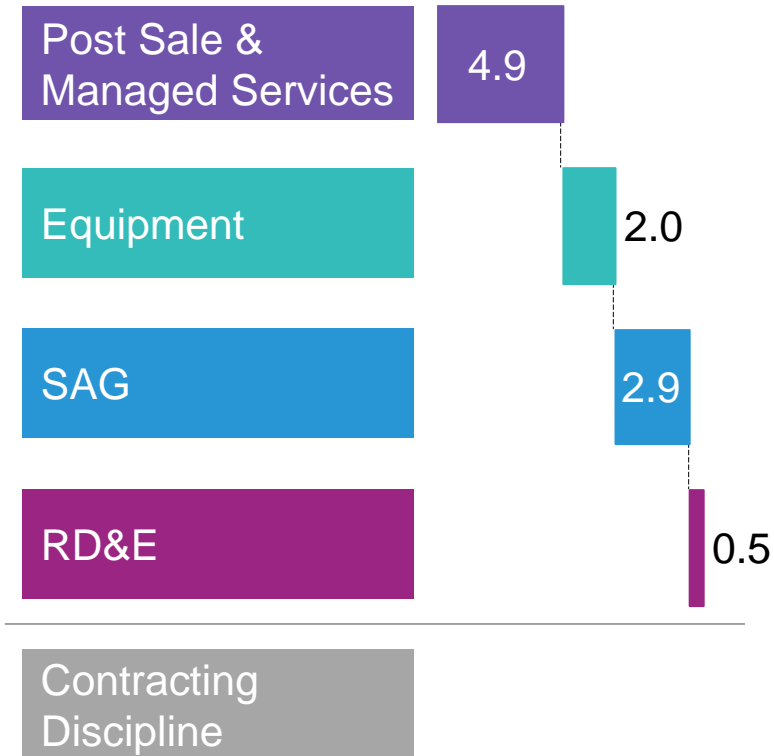
¹ FY 2015 strategic growth areas revenue.

² Constant Currency (CC): see Non-GAAP Financial Measures.

Note: CAGR reflects 2016E – 2019E growth. DO = Document Outsourcing; OEM = Original Equipment Manufacturer; MPS = Managed Print Services; SMB = Small & Medium Business; MFP = Multifunction Printer

Strategic Transformation Will Drive Profit Growth

~\$10B Addressable Cost Base



Key Productivity Levers

- Delivery (~\$450M)
- Cost of Production (~\$250M)
- G&A (~\$300M)
- Supply Chain & Procurement (~\$200M)
- Sales & Contracting (~\$300M)

Examples of Initiatives

- Consolidating MPS delivery and Technical Service under one organizational structure
- Capturing supplier productivity and reducing manufacturing footprint
- Reducing complexity / 30% reduction in management layers
- Integrating supply chain under one global function
- Introducing new pricing optimization tools

\$1.5B+ cumulative gross productivity by 2018

We Are Off To a Fast Start

Objective

Actions to Transform Our Business

Supply Chain & Procurement

Improve **supply chain efficiency** and reduce **procurement spend**

- Outsourcing consumables distribution to third party
- Combining equipment and parts warehouses
- Benchmarking supplier capabilities, competitiveness and re-bidding/re-contracting major spend categories

Sales & Back Office

De-layer organization and **streamline** back-office support

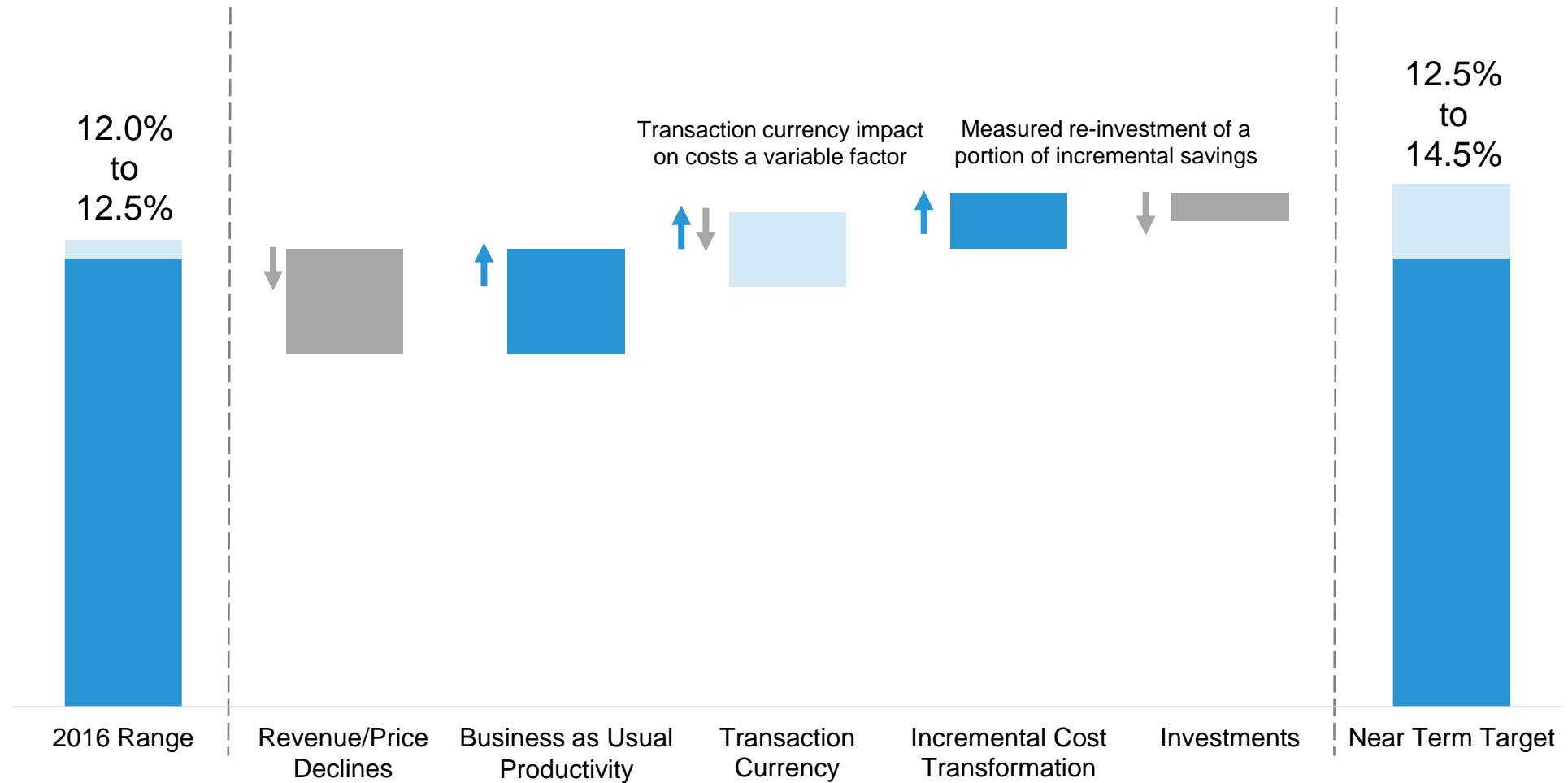
- Shifting primary organizational axis to geography (North America, International)
 - Maintaining local customer focus while reducing matrix management
- Optimizing sales incentives and performance management
- Consolidating back-office support functions
- Rationalizing real estate portfolio

Delivery

Improve Field Service and Managed Print Services **delivery and productivity**

- Workflow automation to increase remote solve rates
- Optimizing field resource footprint and tools to ensure more productive on-site dispatches
- Leveraging existing near/right-shoring initiatives

Strategic Transformation Enables Operating Margin¹ Expansion

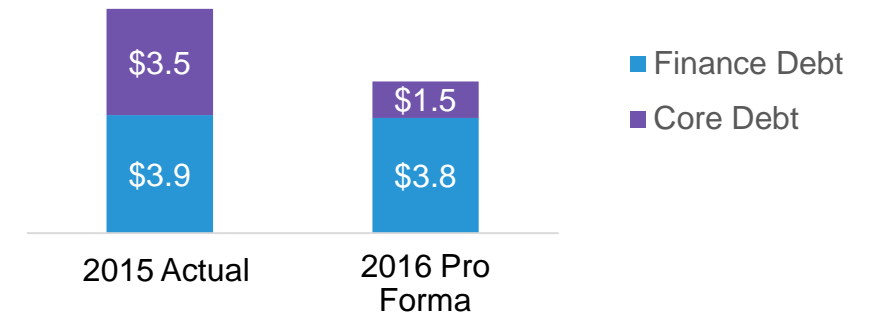


Investment Grade Capital Structure

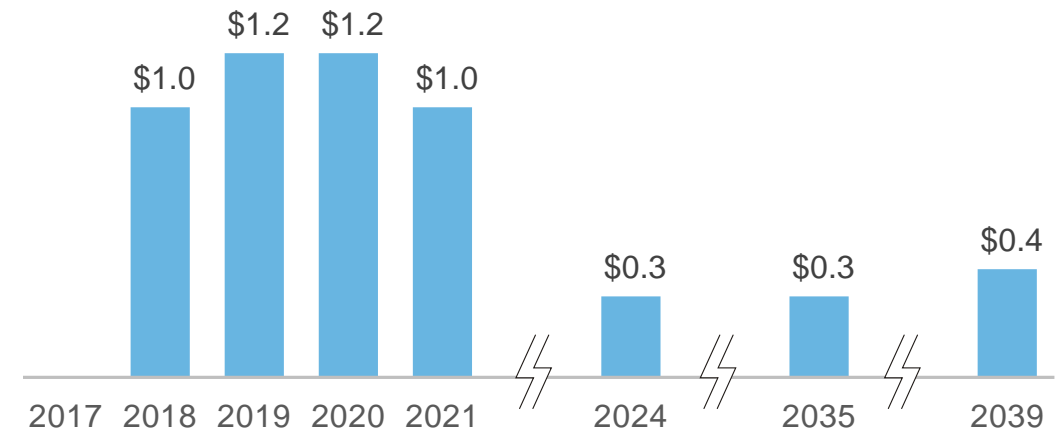
Investment Grade Profile

- Manage balance sheet to maintain an investment grade profile; optimal for business model which includes customer financing
 - Majority of pro forma debt supports customer finance assets (at 7:1 leverage)
 - Manageable schedule of debt maturities well matched to financing contract lengths
 - Core leverage managed to maintain investment grade rating; incremental debt repayment planned
- Maintain a substantial liquidity position
- Generate significant free cash flow¹ in support of capital deployment objectives

Illustrative Debt² (\$B)



Debt Maturity Ladder



Attractive Captive Financing Business

Finance Assets and Debt

Maintain 7:1 debt to equity leverage ratio on our finance assets

(in billions)	2016 Pro forma	
	Finance Assets	Debt
Financing	\$ 4.3	\$ 3.8
Core	-	1.5
Total Xerox	\$ 4.3	~\$ 5.3

Pro forma assumes:

- Finance assets/debt as of Q3 2016 with financing debt calculated as 7/8ths of finance assets
- \$2.0B core debt reduction coming from ~\$1.8B Conduent distribution and \$0.2B cash on hand

Customer Financing is a Business Strength

- Differentiates and enhances Xerox's value proposition
- Facilitates customer acquisition of Xerox technology
- Generates profitable revenue
- Enables control of assets
- Focuses on disciplined credit processes to ensure low bad debt (<2% of finance receivables)
- Creates diverse customer, industry and geographic mix through global reach and broad product portfolio

Strong and Sustainable Cash Flow Generation

Illustrative Cash Flow (\$M)

(based on 2015)

Pre-tax Income	\$924
Non-Cash Add-backs ¹	540
Restructuring Payments	(79)
Pension Payments	(301)
Working Capital, net ²	(95)
Change in Finance Assets ³	33
Other ⁴	33
Operating Cash Flow (OCF)	\$1,055
(-) CAPEX ⁵	148
Free Cash Flow (FCF)⁶	\$907

Cash Flow Drivers

- Profit expansion over time from margin expansion and improving revenue trajectory
- Transformation efficiencies provide modest benefit to working capital
- Near-term restructuring payments higher to facilitate strategic transformation / normalize after 2018
- Pension contributions moderate after 2018
- Separation payments substantially complete in 2017
- Finance assets a modest source of cash
- CAPEX⁵ less than 2% of revenue

Track record of strong cash generation driven by annuity business model

¹ Non-Cash Add-backs include depreciation & amortization excluding equipment on operating lease, provisions, stock-based compensation, 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, accrued compensation and accounts payable 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 and taxes.

⁵ Capital Expenditures including Internal Use Software.

⁶ Free Cash Flow: see Non-GAAP Financial Measures.

Capital Allocation Priorities

We will apply a disciplined return on investment approach when deploying our cash flow

Leverage

Committed to maintaining investment grade credit rating

Targeted Investments

Continue capital-light business model with targeted CAPEX¹ (less than 2% of revenue)

Selectively pursue M&A in targeted growth areas to improve portfolio mix and drive profit expansion

Return of Capital

Initial dividend of \$0.25 per share on an annualized basis

Modest share repurchase (after 2017) based on relative returns evaluation

Target >50% of Free Cash Flow² returned through dividends and share repurchases over time

Xerox Dividend Policy

Xerox has a track record of attractive and increasing dividends

- 16% CAGR over last 4 years



Post-split dividend of 6.25 cents per share (\$0.25 annualized) is anticipated beginning with the dividend payable April 2017



Expect future dividend increases driven by EPS and free cash flow¹ growth



Committed to a strong dividend policy supported by our annuity driven cash flow

Future Performance Expectations

	2017	2018	2019+
Revenue Trajectory (at CC ¹)	In-line with 2016, equipment revenue begins to improve in 2H from product launches	Improves driven by new products & Strategic Growth Areas acceleration	Sustained improvement driven by new products and Strategic Growth Areas
Operating Margin ¹	Modest expansion from 2016	Continued strong and expanding	
Operating Cash Flow	Return to normalized operating cash flow of \$900M+ by 2019		

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