

# A New Path Forward for Xerox

## Separation to create two market-leading public companies

- ➔ Transaction will create \$11 billion document technology company and \$7 billion business process services company in federal tax free structure
- ➔ Separation, targeting completion by the end of 2016, will maximize value for shareholders and align with businesses' current market dynamics

### Separation Creates Two Industry Leaders with Distinct Value Creation Opportunities

- ➔ Enhanced strategic and operational focus to address opportunities in the markets they operate in, capitalizing on unique competitive strengths
- ➔ Simplified organizational structure and resources, and faster decision-making processes
- ➔ Distinct financial profiles to optimize their respective growth strategies, capital structures and capital allocation policies
- ➔ Compelling equity investment cases with differentiated financial profiles, growth drivers and business prospects

#### Document Technology (Xerox Corporation)

Global leader in document management and document outsourcing with superior technology, solutions and innovation capabilities

REVENUE<sup>1</sup>  
\$11B

EMPLOYEES<sup>1</sup>  
~39K

- MARKET OPPORTUNITY**
- ➔ Overall market estimated ~\$90 billion
  - ➔ Well positioned in priority growth segments
  - ➔ Direct and channel sales presence in ~180 countries

- MARKET POSITION**
- ➔ Managed print services market leader
  - ➔ #1 market share in equipment revenues for 25 consecutive quarters
  - ➔ Managing 60 billion printed pages per year

- FINANCIAL PROFILE**
- ➔ Annuity driven revenue (>70%)
  - ➔ Sustain margin through cost discipline
  - ➔ Strong and consistent free cash flow generation

#### Business Process Outsourcing (Conduent, Inc.)

A business process services leader with deep industry expertise, market-leading automation solutions and global delivery excellence

REVENUE<sup>1</sup>  
\$7B

EMPLOYEES<sup>1</sup>  
~96K

- MARKET OPPORTUNITY**
- ➔ Overall BPO market growing mid-single digits annually
  - ➔ Driving for leadership in core set of focused and differentiated services lines
  - ➔ Shift to new software and automation technologies

- MARKET POSITION**
- ➔ Second-largest market share in industry
  - ➔ Serve more than half of all U.S. mobile phone users
  - ➔ Touch 67% of all U.S. insured patients

- FINANCIAL PROFILE**
- ➔ Revenue growth through disciplined investments in attractive market segments
  - ➔ Recurring revenues (>90%) with high renewal rates
  - ➔ Opportunities for continued margin expansion

### Transaction Overview

#### TRANSACTION STRUCTURE

- ➔ Separate into two strong, independent, publicly traded companies
- ➔ Intended to be tax-free to Xerox shareholders for federal income tax purposes

#### TIMING

- ➔ Targeted to be completed by the end of 2016
- ➔ Subject to market, regulatory and other conditions

#### KEY STEPS TO COMPLETION

- ➔ Finalize transaction structure
- ➔ Finalize companies' capital structure
- ➔ Standalone financials / audit
- ➔ Operating agreements / shared services
- ➔ Management and governance
- ➔ SEC review process

#### CLOSING CONDITIONS

- ➔ Final approval by Xerox Board of Directors
- ➔ Customary regulatory approvals
- ➔ Securing any necessary financing
- ➔ Other customary conditions

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**About Xerox**  
Xerox is helping change the way the world works. By applying our expertise in imaging, business process, analytics, automation and user-centric insights, we engineer the flow of work to provide greater productivity, efficiency and personalization. We conduct business in 180 countries, and our more than 130,000 employees create meaningful innovations and provide [business process, services, printing equipment, software](#) and solutions that make a real difference for our clients – and their customers. Learn more at [www.xerox.com](http://www.xerox.com) or <http://www.xerox.com/>.

#### 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, including with respect to the proposed separation of Document Technology and Business Process Outsourcing ("BPO"), the expected timetable for completing the separation, the future financial and operating performance of each business, the strategic and competitive advantages of each business, 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; the possibility that the proposed separation of Document Technology and BPO will not be consummated within the anticipated time period or at all, including as the result of regulatory, market or other factors; the potential for disruption to our business in connection with the proposed separation; the potential that Document Technology and BPO do not realize all of the expected benefits of the separation; 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 quarter ended March 31, 2016 and our 2015 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.

Note: To receive RSS news feeds, visit <http://news.xerox.com/rss>. For open commentary, industry perspectives and views visit <http://www.linkedin.com/company/xerox>, <http://twitter.com/xerocorp>, <http://twitter.com/XeroxDocuShare>, <http://realbusinessatxerox.blogs.xerox.com>, <http://www.facebook.com/XeroxCorp>, <http://www.youtube.com/XeroxCorp>.

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<sup>1</sup>Represents full-year revenue as of December 31, 2015 and employee count as of March 31, 2016