

Xerox Holdings Financial Model
(unaudited)

(in \$ millions, except per-share data)

	2018					2019					2020				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Sales	792	886	818	958	3,454	724	800	784	919	3,227	565	460	651	773	2,449
Services, maintenance and rentals	1,518	1,515	1,431	1,476	5,940	1,393	1,402	1,335	1,465	5,595	1,236	949	1,061	1,101	4,347
Financing	71	68	65	64	268	63	61	60	60	244	59	56	55	56	226
Total Revenues	2,381	2,469	2,314	2,498	9,662	2,180	2,263	2,179	2,444	9,066	1,860	1,465	1,767	1,930	7,022
Cost of Revenue															
Cost of sales	490	567	518	613	2,188	450	539	503	605	2,097	387	338	476	541	1,742
Cost of services, maintenance, and rentals	898	882	838	855	3,473	821	806	771	790	3,188	731	533	611	658	2,533
Cost of financing	34	33	33	32	132	32	33	33	33	131	30	30	29	32	121
Total Cost of Revenue	1,422	1,482	1,389	1,500	5,793	1,303	1,378	1,307	1,428	5,416	1,148	901	1,116	1,231	4,396
Gross Profit															
Sales gross profit	302	319	300	345	1,266	274	261	281	314	1,130	178	122	175	232	707
Services, maintenance and rentals gross profit	620	633	593	621	2,467	572	596	564	675	2,407	505	416	450	443	1,814
Financing gross profit	37	35	32	32	136	31	28	27	27	113	29	26	26	24	105
Gross Profit	959	987	925	998	3,869	877	885	872	1,016	3,650	712	564	651	699	2,626
Research, development & engineering	100	101	102	94	397	92	88	100	93	373	84	76	76	75	311
Bad Debt Expense	13	12	10	1	36	13	12	13	8	46	74	13	16	13	116
Selling, administrative and general exp. (Excl Bad Debts)	612	609	571	551	2,343	533	505	497	504	2,039	467	413	428	427	1,735
Total Selling, administrative and general exp.	625	621	581	552	2,379	546	517	510	512	2,085	541	426	444	440	1,851
Non-financing interest expense	29	28	28	29	114	28	26	27	24	105	21	18	30	30	99
Aggregate Exchange losses / (gains)	(2)	1	3	3	5	2	-	4	1	7	2	2	-	(1)	3
All other, net	3	11	26	112	152	9	12	(32)	(17)	(28)	-	(13)	(45)	1	(57)
Total Other, net	30	40	57	144	271	39	38	(1)	8	84	23	7	(15)	30	45
Restructuring and related costs	28	33	29	67	157	112	37	27	53	229	41	3	20	29	93
Amortization of intangible assets	12	12	12	12	48	15	11	9	10	45	11	10	13	22	56
Transaction and related costs	38	58	(33)	5	68	-	4	4	4	12	17	7	(6)	-	18
Total Costs and Expenses	2,255	2,347	2,137	2,374	9,113	2,107	2,073	1,956	2,108	8,244	1,865	1,430	1,648	1,827	6,770
Income before Income Taxes & Equity Income	126	122	177	124	549	73	190	223	336	822	(5)	35	119	103	252
Income Taxes	39	35	139	34	247	(10)	50	66	73	179	(1)	8	29	28	64
Equity in net income of unconsolidated affiliates	2	2	2	2	8	2	2	1	3	8	2	-	-	2	4
Income from Continuing Operations	89	89	40	92	310	85	142	158	266	651	(2)	27	90	77	192
Income (loss) from discontinued operations, net of tax	(63)	25	53	49	64	51	42	64	553	710	-	-	-	-	-
Net Income	26	114	93	141	374	136	184	222	819	1,361	(2)	27	90	77	192
Less: Income from continuing operations attributable to noncontrolling interests	1	1	1	1	4	1	1	1	-	3	-	-	-	-	-
Less: Income from discontinued operations attributable to noncontrolling interests	2	1	3	3	9	2	2	0	1	5	-	-	-	-	-
Net Income Attributable to Xerox Holdings	23	112	89	137	361	133	181	221	818	1,353	(2)	27	90	77	192
Amounts Attributable to Xerox Holdings															
Continuing operations	88	88	39	91	306	84	141	157	266	648	(2)	27	90	77	192
Discontinued operations	(65)	24	50	46	55	49	40	64	552	705	-	-	-	-	-
Net Income Attributable to Xerox Holdings	23	112	89	137	361	133	181	221	818	1,353	(2)	27	90	77	192

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	2018					2019					2020					
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	
Preferred Dividends/	- Basic	4	3	4	3	14	4	3	4	3	14	4	3	4	3	14
Other	- Diluted **	4	3	4	3	14	-	-	-	-	-	4	3	4	3	14
Weighted Average Shares	- Basic	255	255	251	236	249	229	224	220	215	222	213	213	211	200	209
	- Diluted **	257	258	254	239	252	233	235	231	227	233	213	213	213	202	211
Earnings Per Share	- Basic:															
	Continuing operations	0.33	0.33	0.14	0.37	1.17	0.35	0.62	0.70	1.22	2.86	(0.03)	0.11	0.41	0.37	0.85
	Discontinued operations	(0.25)	0.09	0.20	0.19	0.23	0.22	0.17	0.29	2.56	3.17	-	-	-	-	-
	Total Basic Earnings (Loss) per Share	0.08	0.42	0.34	0.56	1.40	0.57	0.79	0.99	3.78	6.03	(0.03)	0.11	0.41	0.37	0.85
	- Diluted:															
	Continuing operations	0.33	0.33	0.14	0.37	1.16	0.34	0.60	0.68	1.17	2.78	(0.03)	0.11	0.41	0.36	0.84
	Discontinued operations	(0.25)	0.09	0.20	0.19	0.22	0.21	0.17	0.28	2.44	3.02	-	-	-	-	-
	Total Diluted Earnings (Loss) per Share	0.08	0.42	0.34	0.56	1.38	0.55	0.77	0.96	3.61	5.80	(0.03)	0.11	0.41	0.36	0.84
Key Ratios - GAAP:																
Gross Margins	- Sales	38.1%	36.0%	36.7%	36.0%	36.7%	37.8%	32.6%	35.8%	34.2%	35.0%	31.5%	26.5%	26.9%	30.0%	28.9%
	- Services/Maintenance/Rentals	40.8%	41.8%	41.4%	42.1%	41.5%	41.1%	42.5%	42.2%	46.1%	43.0%	40.9%	43.8%	42.4%	40.2%	41.7%
	- Financing	52.1%	51.5%	49.2%	50.0%	50.7%	49.2%	45.9%	45.0%	45.0%	46.3%	49.2%	46.4%	47.3%	42.9%	46.5%
	- Total	40.3%	40.0%	40.0%	40.0%	40.0%	40.2%	39.1%	40.0%	41.6%	40.3%	38.3%	38.5%	36.8%	36.2%	37.4%
SAG as a % of Revenue		26.2%	25.2%	25.1%	22.1%	24.6%	25.0%	22.8%	23.4%	20.9%	23.0%	29.1%	29.1%	25.1%	22.8%	26.4%
Tax Rate		31.0%	28.7%	78.5%	27.4%	45.0%	-13.7%	26.3%	29.6%	21.7%	21.8%	20.0%	22.9%	24.4%	27.2%	25.4%
Ending Xerox Employment		35,000	34,300	33,200	32,400	32,400	30,900	27,900	27,600	27,000	27,000	26,300	26,100	25,500	24,700	24,700

*Amounts have been revised to reflect discontinued operations reporting for FX and XIP.

**For those periods that exclude the preferred stock dividend the average shares for the calculations of diluted EPS include 7 million shares associated with our Series A or Series B convertible preferred stock.

**Xerox Holdings Financial Model - Non-GAAP basis
(unaudited)**

Non-GAAP basis is adjusted to exclude restructuring and related costs, amortization of intangible assets, transaction and related costs, non-service retirement-related costs as well as other discrete, unusual or infrequent items as described in our Non-GAAP Financial Measures section of our Quarterly Reports on Form 10-Q and our Annual Report on Form 10-K

(in \$ millions, except per-share data)

	2018					2019					2020				
	Q1 *	Q2 *	Q3 *	Q4	FY	Q1 *	Q2 *	Q3 *	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenues															
Sales	792	886	818	958	3,454	724	800	784	919	3,227	565	460	651	773	2,449
Services, maintenance and rentals	1,518	1,515	1,431	1,476	5,940	1,393	1,402	1,335	1,465	5,595	1,236	949	1,061	1,101	4,347
Financing	71	68	65	64	268	63	61	60	60	244	59	56	55	56	226
Total Revenues	2,381	2,469	2,314	2,498	9,662	2,180	2,263	2,179	2,444	9,066	1,860	1,465	1,767	1,930	7,022
Cost of Revenue															
Cost of sales	490	567	518	613	2,188	450	539	503	605	2,097	387	338	476	541	1,742
Cost of services, maintenance and rentals	898	882	838	855	3,473	821	806	771	790	3,188	731	533	611	658	2,533
Cost of financing	34	33	33	32	132	32	33	33	33	131	30	30	29	32	121
Total Cost of Revenue	1,422	1,482	1,389	1,500	5,793	1,303	1,378	1,307	1,428	5,416	1,148	901	1,116	1,231	4,396
Gross Profit															
Sales gross profit	302	319	300	345	1,266	274	261	281	314	1,130	178	122	175	232	707
Services, maintenance and rentals gross profit	620	633	593	621	2,467	572	596	564	675	2,407	505	416	450	443	1,814
Financing gross profit	37	35	32	32	136	31	28	27	27	113	29	26	26	24	105
Gross Profit	959	987	925	998	3,869	877	885	872	1,016	3,650	712	564	651	699	2,626
Research, development & engineering	100	101	102	94	397	92	88	100	93	373	84	76	76	75	311
Bad Debt Expense	13	12	10	1	36	13	12	13	8	46	74	13	16	13	116
Selling, administrative and general exp. (Excl Bad Debts)	612	609	571	551	2,343	533	505	497	504	2,039	467	413	428	427	1,735
Total Selling, administrative and general exp.	625	621	581	552	2,379	546	517	510	512	2,085	541	426	444	440	1,851
Non-financing interest expense	29	28	28	29	114	28	26	27	24	105	21	18	30	30	99
Aggregate Exchange losses / (gains)	(2)	1	3	3	5	2	-	4	1	7	2	2	-	(1)	3
All other, net	(22)	(14)	(7)	2	(41)	(4)	2	(22)	(10)	(34)	(4)	(5)	(32)	(16)	(57)
Total Other, net	5	15	24	34	78	26	28	9	15	78	19	15	(2)	13	45
Total Costs and Expenses	2,152	2,219	2,096	2,180	8,647	1,967	2,011	1,926	2,048	7,952	1,792	1,418	1,634	1,759	6,603
Income before Income Taxes & Equity Income	229	250	218	318	1,015	213	252	253	396	1,114	68	47	133	171	419
Income Taxes	65	67	54	88	274	56	67	69	99	291	20	11	28	51	110
Equity in Net Income of Unconsol. Affil.	2	2	2	2	8	2	2	1	3	8	2	-	-	2	4
Income from Continuing Operations	166	185	166	232	749	159	187	185	300	831	50	36	105	122	313
Less: Net Income attributable to Noncontrolling Interests	1	1	1	1	4	1	1	1	-	3	-	-	-	-	-
Net Income from Continuing Operations Attributable to Xerox Holdings	165	184	165	231	745	158	186	184	300	828	50	36	105	122	313

**Xerox Holdings Financial Model - Non-GAAP basis
(unaudited)**

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(in \$ millions, except per-share data)

	2018					2019					2020				
	Q1 *	Q2 *	Q3 *	Q4	FY	Q1 *	Q2 *	Q3 *	Q4	FY	Q1	Q2	Q3	Q4	FY
Earnings Per Share															
Continuing Operations:	0.62	0.69	0.64	0.94	2.88	0.66	0.79	0.80	1.33	3.55	0.21	0.15	0.48	0.58	1.41
Preferred Dividends - Adjusted EPS **	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Earnings per Share	0.62	0.69	0.64	0.94	2.88	0.66	0.79	0.80	1.33	3.55	0.21	0.15	0.48	0.58	1.41
Adjusted Weighted Average Shares **	264	265	261	246	258	240	235	231	227	233	216	216	213	209	211
Key Ratios - Adjusted:															
Gross Margins															
- Sales	38.1%	36.0%	36.7%	36.0%	36.7%	37.8%	32.6%	35.8%	34.2%	35.0%	31.5%	26.5%	26.9%	30.0%	28.9%
- Services/Maintenance/Rentals	40.8%	41.8%	41.4%	42.1%	41.5%	41.1%	42.5%	42.2%	46.1%	43.0%	40.9%	43.8%	42.4%	40.2%	41.7%
- Financing	52.1%	51.5%	49.2%	50.0%	50.7%	49.2%	45.9%	45.0%	45.0%	46.3%	49.2%	46.4%	47.3%	42.9%	46.5%
- Total	40.3%	40.0%	40.0%	40.0%	40.0%	40.2%	39.1%	40.0%	41.6%	40.3%	38.3%	38.5%	36.8%	36.2%	37.4%
Adjusted Operating Margin	9.8%	10.7%	10.5%	14.1%	11.3%	11.0%	12.4%	12.0%	16.8%	13.1%	4.7%	4.2%	7.4%	9.5%	6.6%
SAG as a % of Revenue	26.2%	25.2%	25.1%	22.1%	24.6%	25.0%	22.8%	23.4%	20.9%	23.0%	29.1%	29.1%	25.1%	22.8%	26.4%
Adjusted Effective Tax Rate	28.4%	26.8%	24.8%	27.7%	27.0%	26.3%	26.6%	27.3%	25.0%	26.1%	29.4%	23.4%	21.1%	29.8%	26.3%
Non-GAAP Adjustments:															
Restructuring and related costs	28	33	29	67	157	112	37	27	53	229	41	3	20	29	93
Amortization of intangible assets	12	12	12	12	48	15	11	9	10	45	11	10	13	22	56
Non-service retirement-related costs	25	25	33	67	150	13	10	(2)	(3)	18	1	(8)	(13)	(9)	(29)
Contract termination costs - IT service provider	-	-	-	43	43	-	-	(8)	(4)	(12)	3	-	-	-	3
Transaction and related costs	38	58	(33)	5	68	-	4	4	4	12	17	7	(6)	-	18
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	26	26
Tax on adjusted items	(26)	(32)	(10)	(48)	(116)	(31)	(17)	(7)	(22)	(77)	(21)	(3)	1	(23)	(46)
US Tax Act	-	-	95	(6)	89	(35)	-	4	(4)	(35)	-	-	-	-	-
Total Non-GAAP Adjustments	77	96	126	140	439	74	45	27	34	180	52	9	15	45	121

*Amounts have been revised to reflect discontinued operations reporting for FX and XIP.

**For those periods that exclude the preferred stock dividend the average shares for the calculations of diluted EPS include 7 million shares associated with our Series A or Series B convertible preferred stock.

**Xerox Holdings Financial Model
(unaudited)**

(in \$ millions)	2018					2019					2020					2020 YOY CC % Change	2020 YOY CC % Change
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1*	Q2*	Q3*	Q4	FY	Q4	FY
Revenue																	
Entry	53	62	56	66	237	53	52	49	63	217	40	34	55	59	188	(8.8)%	(13.8)%
Mid-range	334	390	351	418	1,493	302	350	344	408	1,404	218	209	291	325	1,043	(21.7)%	(26.2)%
High-end	92	100	94	137	423	89	97	96	139	421	64	64	69	115	312	(19.3)%	(26.5)%
Other	5	4	8	8	25	4	5	5	6	20	3	3	4	11	21	83.3%	5.0%
Total Equipment Revenue	484	556	509	629	2,178	448	504	494	616	2,062	325	310	419	510	1,564	(18.8)%	(24.6)%
Americas	1,535	1,612	1,545	1,616	6,308	1,410	1,504	1,487	1,562	5,963	1,239	990	1,152	1,208	4,589	(22.5)%	(22.7)%
EMEA	795	799	713	830	3,137	712	708	641	756	2,817	575	428	568	675	2,246	(15.1)%	(21.5)%
Other	51	58	56	52	217	58	51	51	126	286	46	47	47	47	187	(63.0)%	(34.6)%
Total Revenue	2,381	2,469	2,314	2,498	9,662	2,180	2,263	2,179	2,444	9,066	1,860	1,465	1,767	1,930	7,022	(22.3)%	(22.7)%
Installs (1)																	
Entry A4 MFPs																	
Color	4%	21%	(8)%	11%	12%	10%	(12)%	10%	(2)%	0.3%	(19)%	(33)%	(9)%	(22)%	(21)%		
B&W	18%	21%	21%	9%	17%	(2)%	1%	(6)%	(9)%	(4)%	3%	(8)%	54%	28%	20%		
Mid-range																	
Color	16%	29%	8%	3%	10%	(7)%	(12)%	2%	(8)%	(7)%	(26)%	(42)%	(19)%	(20)%	(26)%		
B&W	11%	13%	19%	1%	8%	(19)%	(9)%	(20)%	(19)%	(17)%	(16)%	(35)%	(20)%	(16)%	(22)%		
High-end																	
Color	6%	(9)%	(17)%	(12)%	(9)%	(14)%	1%	12%	(12)%	(4)%	(50)%	(55)%	(39)%	(26)%	(42)%		
B&W	(9)%	(12)%	(3)%	(34)%	(18)%	(12)%	(33)%	(22)%	8%	(14)%	(30)%	(2)%	(13)%	(6)%	(13)%		

Notes:

(1) Entry installations exclude OEM sales; Mid-range and High-end color installations exclude Fuji Xerox digital front-end sales.

* Restated

CC = Constant Currency