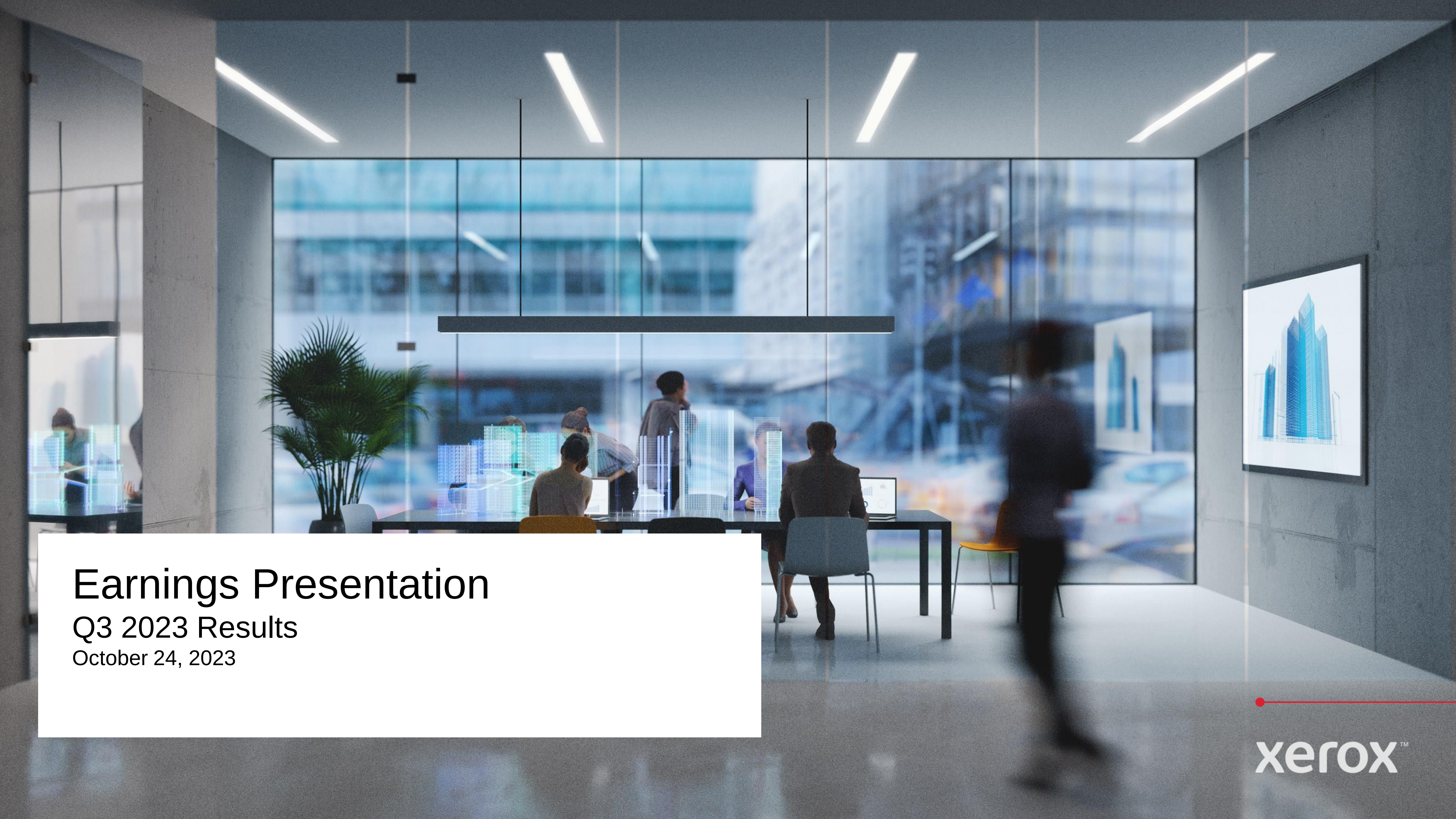


Earnings Presentation

Q3 2023 Results

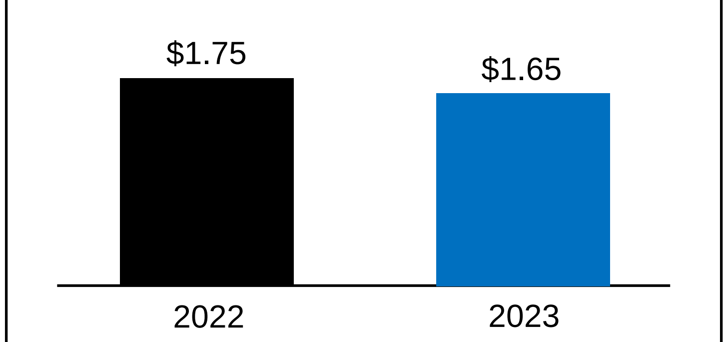
October 24, 2023

Forward-Looking Statements

This presentation and other written or oral statements made from time to time by management contain “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “will”, “should”, “targeting”, “projecting”, “driving” and similar expressions, as they relate to us, our performance and/or our technology, 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. Such factors include but are not limited to: Global macroeconomic conditions, including inflation, slower growth or recession, delays or disruptions in the global supply chain, higher interest rates, and wars and other conflicts, including the current conflict between Russia and Ukraine; our ability to succeed in a competitive environment, including by developing new products and service offerings and preserving our existing products and market share as well as repositioning our business in the face of customer preference, technological, and other change, such as evolving return-to-office and hybrid working trends; failure of our customers, vendors, and logistics partners to perform their contractual obligations to us; our ability to attract, train, and retain key personnel; execution risks around our Reinvention; the risk of breaches of our security systems due to cyber, malware, or other intentional attacks that could expose us to liability, litigation, regulatory action or damage our reputation; our ability to obtain adequate pricing for our products and services and to maintain and improve our cost structure; changes in economic and political conditions, trade protection measures, licensing requirements, and tax laws in the United States and in the foreign countries in which we do business; 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; interest rates, cost of borrowing, and access to credit markets; risks related to our indebtedness; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; funding requirements associated with our employee pension and retiree health benefit plans; changes in foreign currency exchange rates; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; laws, regulations, international agreements and other initiatives to limit greenhouse gas emissions or relating to climate change, as well as the physical effects of climate change; and other factors as set forth from time to time in the Company’s Securities and Exchange Commission filings, including the Company’s Annual Report on Form 10-K for the year ended December 31, 2022. The Company intends these forward-looking statements to speak only as of the date of this presentation and does not undertake to update or revise them as more information becomes available, except as required by law.

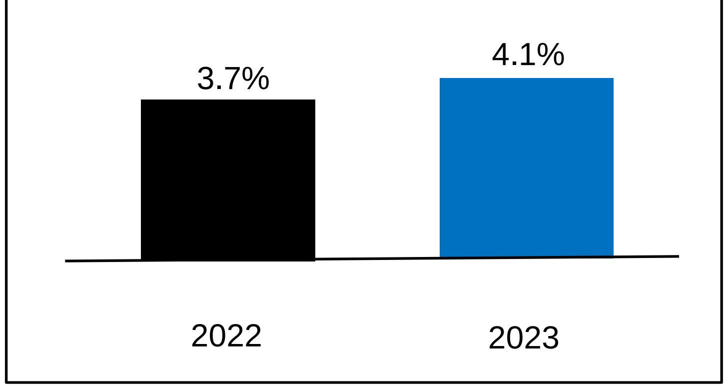
Q3 2023 Key Financial Measures

Revenue ($B)

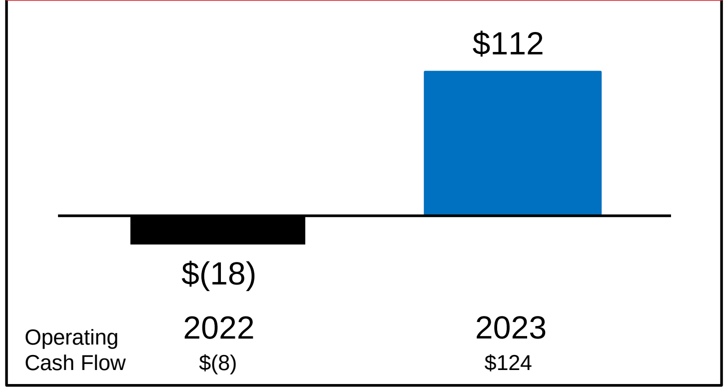


2023 % Change: (5.7)% @ AC, (7.4)% @ CC[1]

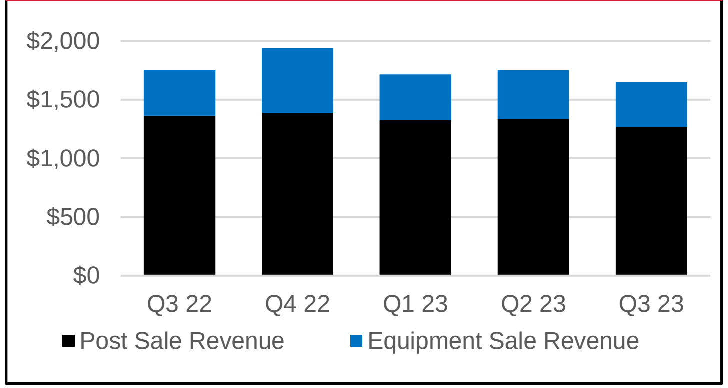
Adj[1] Operating Margin



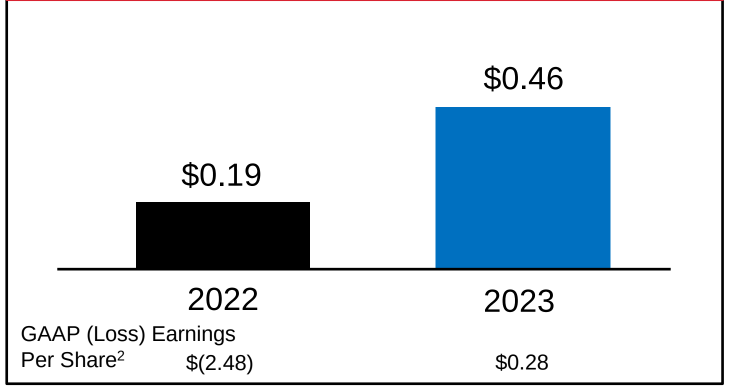
Free Cash Flow[1] ($M)



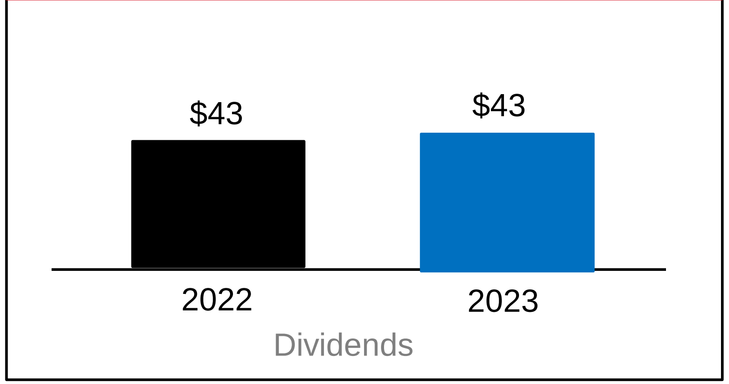
Revenue Trend ($M)



Adj[1] Earnings Per Share



Shareholder Returns[3] ($M)



[1] Adjusted measures, Free Cash Flow and Constant Currency (CC): see Non-GAAP Financial Measures. [2] Q3 2022 GAAP loss per share includes an after-tax non-cash goodwill impairment charge of $395 million, or $2.54 per share. [3] Excludes the $542 million repurchase of shares from Carl Icahn and Affiliates.

Xerox Priorities for 2023

Client Success

Employ a holistic, client-centric approach to deliver essential products and services that address the productivity challenges of a hybrid workplace and distributed workforce

Focus on Profitability

Implement a more flexible cost base and operating model to expand margins and direct investments towards margin-accretive growth opportunities with nearer-term returns

Shareholder Returns

Manage the business to optimize free cash flow[1] generation, and return at least 50% of free cash flow[1] to shareholders

[1] Free Cash Flow: see Non-GAAP Financial Measures.

Xerox Reinvention

Operational simplification and strategic repositioning of our business, enabling sustainable growth in profit and free cash flow[1] through an expansion of services that address clients' most challenging workplace productivity needs.

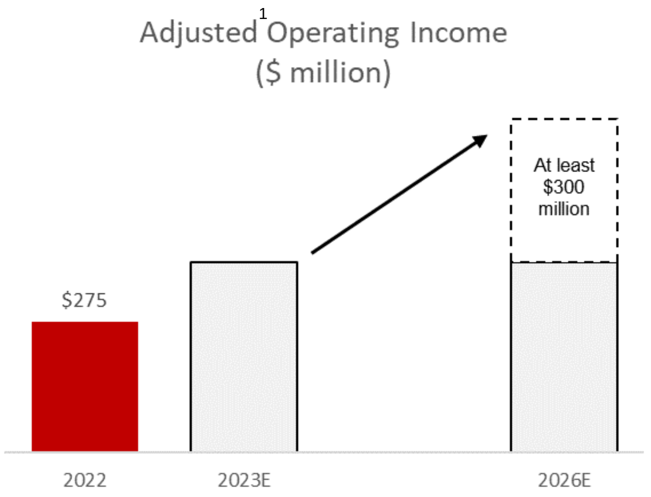
Simplification → Reposition for Growth

Geographic Optimization	• Selective approach to operating directly in certain markets • Shift to partner-led distribution model in other markets • Stress geographic profitability more than absolute revenue
Offering and Pricing Optimization	• Streamline product offerings • Enable consumer-like, touchless experience for clients • Capture incremental market opportunities through enhanced pricing models
Operating Model Simplification	• End-to-end organizational and structural simplification to drive operating cost savings and free up capacity to reinvest in the business

Simplification enables the pursuit of value-accretive growth opportunities

- Expansion of market share in Print and Print Services
- Expansion of clients' wallet share with services in high-growth, adjacent markets where Xerox has a clear path to win
  - **Managed IT Services** for small and mid-sized clients
  - **Digital Services** enabling the transformation of digital document workflows

Financial Objectives



By 2026:

- Double-digit adjusted[1] operating margin
- Diversified revenue mix with greater exposure to high-growth markets

[1] Adjusted Measures and Free Cash Flow: see Non-GAAP Financial Measures.

Frequently Asked Questions

Macro / Demand Outlook

To what extent did the decline in revenue in Q3 reflect changes in macroeconomic conditions?

The decline in revenue was largely anticipated and driven primarily by declines in cyclical, transactional post sale items. Equipment revenue declined only slightly, reflecting stable demand conditions offset by backlog reductions in the prior year. Post sale revenue was most notably affected by a significant decline in low-margin paper sales and fewer placements of IT end-point devices. Post sale revenue was further impacted by a lack of Fuji royalties and the effects of specific strategic actions, resulting in lower financing and PARC revenue. Contractual Print & Digital Services revenue declined only modestly, as Digital and Managed IT Service revenue growth was offset by declines in print services for Production clients. We continue to see momentum in demand for our products and services, particularly in the Americas and for our faster-growing Digital Services. However, in the past three months we have seen a mild softening of demand in our European markets, reflecting a weakening in macroeconomic conditions. As a result, we now expect full year revenue to come in at the lower end of our guided range of flat, to down low-single digits in constant currency.

Share Repurchase

How did you balance the decision to repurchase shares relative to alternative means of deploying cash?

The decision to repurchase shares was consistent with our capital allocation philosophy, which is to deploy cash in the areas we believe provide the highest return for shareholders. Management and the Board of Directors believe the repurchase of shares from Carl Icahn and Affiliates will create substantial value for shareholders over time, as the reduction of shares allows greater participation in the expected earnings growth associated with our Reinvention. The repurchase of shares is expected to be EPS accretive and prevented the type of prolonged market overhang normally associated with an open market disposal of significant equity stakes.

Margin Trajectory

What caused the sequential decline in adjusted[1] operating profit margin in Q3? How are margins expected to progress?

The sequential decline in operating margin was primarily a function of seasonally lower levels of revenue. Operating income and margin grew on a year-over-year basis due to the ongoing benefits of operating efficiencies and pricing actions. Operating income and margin are expected to increase sequentially in Q4, and we continue to expect full-year operating income margin to fall within a range of 5.5% to 6.0%. The range in expected results reflects the degree of macroeconomic uncertainty inherent in our revenue guidance. Beyond 2023, operating income margin is expected to reach double digits by 2026 as measures are taken to further simplify our business through the Reinvention.

FITTLE Strategy

How will the change in FITTLE's strategy affect Xerox's profits and cash flows?

As a result of the expansion of its relationship with PEAC Solutions, an affiliate of HPS Investment Partners, FITTLE will return its focus to captive-only financing solutions. Accordingly, origination activity will decline, and FITTLE's finance receivable balance is expected to normalize at around $1 billion by 2027. The benefits of a lower receivable balance will positively impact free cash flow as the balance is reduced. The effects on operating income are expected to be negligible.

[1] Adjusted measures and Free Cash Flow: see Non-GAAP Financial Measures.

Financial Results Summary

(in millions, except per share data)

P&L Measures	Q3 2023	B/(W) YOY	% Change YOY
Revenue	$ 1,652	$ (99)	(5.7)% AC (7.4)% CC[1]
Operating Income – Adjusted[1]	$ 68	$ 3	5%
Other Expenses, net – Adjusted[1]	$ (21)	$ 29	NM
Net Income[2]	$ 49	$ 432	NM
Net Income – Adjusted[1]	$ 77	$ 44	133%
GAAP Earnings Per Share[2]	$ 0.28	$ 2.76	NM
Earnings per Share – Adjusted[1]	$ 0.46	$ 0.27	142%

P&L Ratios	Q3 2023	B/(W) YOY
Gross Margin	32.4%	60 bps
RD&E %	3.1%	110 bps
SAG %	25.2%	(130) bps
Operating Margin – Adjusted[1]	4.1%	40 bps
Tax Rate – Adjusted[1]	7.3%	NM

[1] Adjusted Measures and Constant Currency (CC): see Non-GAAP Financial Measures. Third-quarter 2023 adjusted tax rate was 7.3% compared to 42.1% last year. The decrease was largely due to tax benefits associated with the release of uncertain tax positions and remeasurement of deferred tax assets in the current year period as well as the non-recurring unfavorable effects of changes in certain tax elections in the prior year period. [2] Q3 2022 GAAP Net loss and Loss per share include an after-tax non-cash goodwill impairment charge of $395 million, or $2.54 per share.

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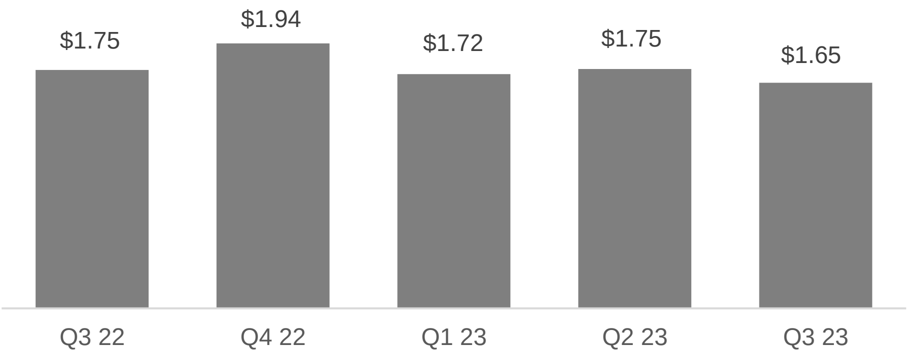
Revenue

			% Change YOY	
(in millions)	Q3 2023	% Total	AC	CC[1]
Equipment	$386	23%	(1.0)%	(2.1)%
Post Sale	$1,266	77%	(7.0)%	(9.0)%
Total Revenue	$1,652	100%	(5.7)%	(7.4)%
Americas	1,103	67%	(3.2)%	(3.6)%
EMEA	526	32%	(7.2)%	(12.1)%
Other[2]	23	1%	(47.7)%	(47.7)%

Quarterly Revenue Trend ($B)



Installs[3] and CC[1] revenue B/(W) YOY

	Color	B&W	Total	CC[1] Revenue
Entry	(52)%	(28)%	(36)%	(25)%
Mid-Range	(18)%	(10)%	(16)%	4%
High-End	15%	(16)%	12%	1%

[1] Constant Currency (CC): see Non-GAAP Financial Measures. [2] Other revenue includes royalties and licensing revenue. [3] Reflects install activity for total Entry product group.

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Cash Flow

(in millions)	Q3 2023	Q3 2022
Pre-tax Income (Loss)	$63	($380)
Non-Cash Add-Backs[1]	71	90
Non-Cash Goodwill Impairment, Net of Tax	-	395
Restructuring Payments	(9)	(17)
Pension Contributions	(43)	(34)
Working Capital, net[2]	27	(14)
Change in Finance Assets[3]	51	(54)
Other[4]	(36)	6
Cash provided by (used in) Operations	124	(8)
Cash provided by (used in) Investing	25	(33)
Cash used in Financing	(94)	(168)
Ending Cash, Cash Equivalents and Restricted Cash[5]	617	1,001
Free Cash Flow[6]	112	(18)

[1] Non-cash add-backs include depreciation & amortization (including equipment on operating lease), provisions, stock-based compensation, non-service retirement-related costs, restructuring and asset impairment charges and gain on sales of businesses and assets (as applicable). [2] Working Capital, net includes accounts receivable, accounts payable and inventory. [3] Includes equipment on operating leases (excluding its related depreciation) and finance receivables. [4] Includes other current and long-term assets and liabilities, accrued compensation, derivative assets and liabilities, other operating, net, distributions from net income of unconsolidated affiliates and taxes. [5] Includes restricted cash of $85 million in Q3 2023 and $69 million in Q3 2022. [6] Free Cash Flow: see Non-GAAP Financial Measures.

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Segment Results

Revenue and Profit

	Q3 2023			
(in millions)	Print & Other	FITTLE	Intersegment Eliminations[1]	Total Xerox
Total Revenue	$ 1,575	$ 98	$ (21)	$ 1,652
Segment Profit	**$ 64**	**$ 4**	**$ -**	**$ 68**
Segment Margin[2]	4.1%	4.1%		4.1%

	B/(W) YoY		
	Print & Other	FITTLE	Total Xerox
Total Revenue	(6.0)%	0.0%	(5.7)%
Segment Profit	**1.6%**	**100.0%**	**4.6%**
Segment Margin (bps)[2]	30	210	40

Financing Assets and Debt

(in billions)	Q3 2023	Q2 2023
Equipment on Operating Leases	$ 0.26	$ 0.26
FITTLE Finance Receivables	$ 2.59	$ 2.71
Total Finance Assets	**$ 2.85**	**$ 2.97**
Financing Allocated Debt	**$ 2.49**	**$ 2.60**

FITTLE: Key Performance Indicators

- FITTLE finance receivables: $2.6 billion, ~4% lower Q/Q due primarily to the run-off of existing finance receivables, partially offset by higher originations, net of the HPS receivable Forward Flow program
- Originations in Q3: 9% growth in originations, led by captive channels and Xerox products
- Over 50% of originations in Q3 sold to HPS
- LTM Net Loan Loss Rate: 0.9%

Note: During Q2 2023, FITTLE's segment revenue and profit measures were revised to reflect the recent strategic shift in the Company's approach to funding FITTLE's growth through finance receivable funding arrangements that involve the sale of lease receivables. Refer to Appendix for FITTLE's revised Segment revenues and profits for FY 2022 and Q1 2023.
[1] Reflects revenue, primarily commissions and other payments, made by the FITTLE segment to the Print and Other segment, for the lease of Xerox equipment placements. [2] Segment margin based on external revenue only.

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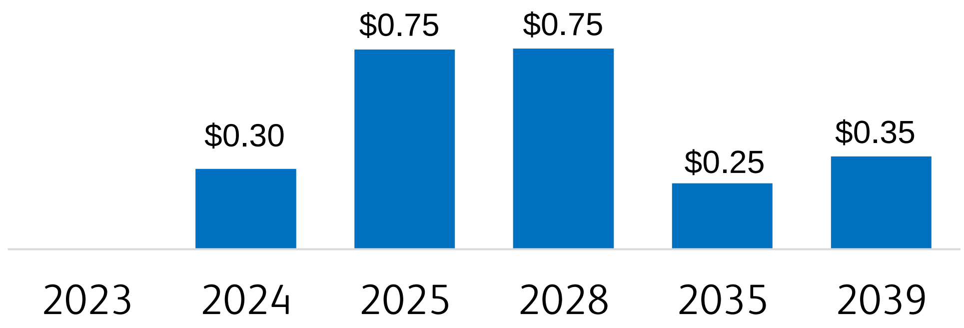
Capital Structure

Debt and Cash

(in billions)	Q3 2023	Q2 2023
Total Debt	($3.61)	($3.12)
Less: Financing Allocated Debt	$2.49	$2.60
Core Debt	($1.12)	($0.52)
Less: Cash[1]	$0.62	$0.57
Net Core Debt	($0.50)	$0.05

Senior Unsecured Debt Maturity Ladder[2] ($B)



- Core debt of $1.1B with ending cash[1] of $0.6B.
- Secured a $555 million bridge loan in Q3 2023 to repurchase shares from Carl Icahn and Affiliates.
- A balanced debt maturity ladder is maintained.

[1] Cash, cash equivalents and restricted cash. [2]Excludes the $555 million bridge loan entered into in Q3 2023 to repurchase shares from Carl Icahn and Affiliates, payable in 2028.

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2023 Full-Year Guidance and Capital Allocation

Guidance

- **Revenue growth:** Flat, to down low-single digits in constant currency
- **Adjusted[1] Operating Margin:** 5.5% to 6.0%
- **Free Cash Flow[1]:** At least $600 million

Capital Allocation Policy

- **Shareholder Returns:** At least 50% of annual Free Cash Flow[1]

Guidance reflects stable demand and a degree of variability associated with a dynamic macroeconomic environment. Benefits of lower logistics costs, recently enacted price increases and a more flexible cost base are expected to drive year-over-year improvements in adjusted[1] operating income margin and, along with net proceeds from the sale of finance receivables, improvements in free cash flow[1].

[1] Adjusted Measures and Free Cash Flow (FCF): see Non-GAAP Financial Measures.

Appendix

Operating Trends

(in millions, except EPS)	2021 FY	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 FY	2023 Q1	2023 Q2	2023 Q3
Total Revenue	**$7,038**	**$1,668**	**$1,747**	**$1,751**	**$1,941**	**$7,107**	**$1,715**	**$1,754**	**$1,652**
% Change	*0.2%*	*(2.5)%*	*(2.6)%*	*(0.4)%*	*9.2%*	*1.0%*	*2.8%*	*0.4%*	*(5.7)%*
CC[1] % Change	*(1.4)%*	*(0.7)%*	*1.1%*	*4.7%*	*13.9%*	*4.8%*	*5.5%*	*0.5%*	*(7.4)%*
Adj[1] Operating Margin	5.3%	(0.2)%	2.0%	3.7%	9.2%	3.9%	6.9%	6.1%	4.1%
GAAP (Loss) EPS[2]	($2.56)	($0.38)	($0.05)	($2.48)	$0.74	($2.15)	$0.43	($0.41)	$0.28
Adj[1] EPS (Loss)	$1.51	($0.12)	$0.13	$0.19	$0.89	$1.12	$0.49	$0.44	$0.46
Operating Cash Flow	$629	$66	($85)	($8)	$186	$159	$78	$95	$124
Free Cash Flow[1]	$561	$50	($98)	($18)	$168	$102	$70	$88	$112

[1] Adjusted measures, Free Cash Flow, and Constant Currency (CC): see Non-GAAP Financial Measures. [2] FY 2021 GAAP EPS includes an after-tax non-cash goodwill impairment charge of $750 million, or $4.08 per share. Both Q3 2022 and FY22 GAAP EPS include an after-tax non-cash goodwill impairment charge of $395 million, or $2.54 per share, respectively. Q2 2023 GAAP (Loss) per share includes the after-tax PARC donation charge of $92 million ($132 million pre-tax), or $0.58 per share.

2023 Segment Reporting Change

	2022					2023
	Q1	Q2	Q3	Q4	Full Year	Q1
Segment Revenues						
As Reported						
Print and Other	$ 1,550	$ 1,633	$ 1,641	$ 1,843	$ 6,667	$ 1,613
FITTLE	158	151	150	151	610	154
Intersegment revenue (1)	(40)	(37)	(40)	(53)	(170)	(52)
Total External Revenue	$ 1,668	$ 1,747	$ 1,751	$ 1,941	$ 7,107	$ 1,715
Change						
Print and Other	$ 43	$ 40	$ 35	$ 19	$ 137	$ 23
FITTLE	(60)	(55)	(52)	(50)	(217)	(52)
Intersegment revenue (1)	17	15	17	31	80	29
Total External Revenue	$ -	$ -	$ -	$ -	$ -	$ -
As Recasted						
Print and Other	$ 1,593	$ 1,673	$ 1,676	$ 1,862	$ 6,804	$ 1,636
FITTLE	98	96	98	101	393	102
Intersegment revenue (1)	(23)	(22)	(23)	(22)	(90)	(23)
Total External Revenue	$ 1,668	$ 1,747	$ 1,751	$ 1,941	$ 7,107	$ 1,715

Note: the management and oversight of the Equipment on Operating Leases portion of our financing business was transferred from the FITTLE segment to the marketing and sales groups in the Print and Other segment since the finance receivables funding agreements currently exclude the sale of operating lease arrangements.

(1) Reflects revenue, primarily commissions and other payments, made by the FITTLE segment to the Print and Other segment for the lease of Xerox equipment placements.

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2023 Segment Reporting Change (continued)

	2022					2023
	Q1	Q2	Q3	Q4	Full Year	Q1
Segment Profit/(Loss)						
As Reported						
Print and Other	$ (20)	$ 18	$ 57	$ 183	$ 238	$ 106
FITTLE	17	17	8	(5)	37	12
Total	$ (3)	$ 35	$ 65	$ 178	$ 275	$ 118
Change						
Print and Other	$ 9	$ 11	$ 6	$ (6)	$ 20	$ (6)
FITTLE	(9)	(11)	(6)	6	(20)	6
Total	$ -	$ -	$ -	$ -	$ -	$ -
As Recasted						
Print and Other	$ (11)	$ 29	$ 63	$ 177	$ 258	$ 100
FITTLE	8	6	2	1	17	18
Total	$ (3)	$ 35	$ 65	$ 178	$ 275	$ 118

Note: the allocation of shared expenses as well as commissions and other payments made by the FITTLE segment to the Print and Other segment were revised to better reflect the operations of FITTLE in line with the change in strategic direction.

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Non-GAAP Financial Measures

We have reported our financial results in accordance with generally accepted accounting principles (GAAP). In addition, we have discussed our financial results using the non-GAAP measures described below. We believe these non-GAAP measures allow investors to better understand the trends in our business and to better understand and compare our results. 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. Accordingly, we believe it is necessary to adjust several reported amounts, determined in accordance with GAAP, to exclude the effects of certain items as well as their related income tax effects.

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 Condensed Consolidated Financial Statements prepared in accordance with GAAP.

Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are set forth below.

Adjusted Earnings Measures
- Adjusted Net Income (Loss) and Earnings per share (EPS)
- Adjusted Effective Tax Rate

The above measures were adjusted for the following items:

- Restructuring and related costs, net: Restructuring and related costs, net include restructuring and asset impairment charges as well as costs associated with our transformation programs beyond those normally included in restructuring and asset impairment charges. Restructuring consists of costs primarily related to severance and benefits paid to employees pursuant to formal restructuring and workforce reduction plans. Asset impairment includes costs incurred for those assets sold, abandoned or made obsolete as a result of our restructuring actions, exiting from a business or other strategic business changes. Additional costs for our transformation programs are primarily related to the implementation of strategic actions and initiatives and include third-party professional service costs as well as one-time incremental costs. All of these costs can vary significantly in terms of amount and frequency based on the nature of the actions as well as the changing needs of the business. Accordingly, due to that significant variability, we will exclude these charges since we do not believe they provide meaningful insight into our current or past operating performance nor do we believe they are reflective of our expected future operating expenses as such charges are expected to yield future benefits and savings with respect to our operational performance.

- 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. 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

- Non-service retirement-related costs: Our defined benefit pension and retiree health costs include several elements impacted by changes in plan assets and obligations that are primarily driven by changes in the debt and equity markets as well as those that are predominantly legacy in nature and related to employees who are no longer providing current service to the Company (e.g. retirees and ex-employees). These elements include (i) interest cost, (ii) expected return on plan assets, (iii) amortization of prior plan amendments, (iv) amortized actuarial gains/losses and (v) the impacts of any plan settlements/curtailments. Accordingly, we consider these elements of our periodic retirement plan costs to be outside the operational performance of the business or legacy costs and not necessarily indicative of current or future cash flow requirements. This approach is consistent with the classification of these costs as non-operating in Other expenses, net. Adjusted earnings will continue to include the service cost elements of our retirement costs, which is related to current employee service as well as the cost of our defined contribution plans.

- Discrete, unusual or infrequent items: We exclude these item(s), when applicable, given their discrete, unusual or infrequent nature and their impact on the comparability of our results for the period to prior periods and future expected trends.

  - Goodwill Impairment
  - PARC donation
  - Contract termination costs – product supply
  - Accelerated share vesting - stock compensation expense associated with the accelerated vesting of all outstanding equity awards, according to the terms of the award agreement, in connection with the passing of Xerox Holding's former CEO.
  - Loss on early extinguishment of debt
  - Tax Indemnification – Conduent

Non-GAAP Financial Measures

<u>Adjusted Operating Income (Loss) and Margin</u>
We calculate and utilize adjusted operating income (loss) and margin measures by adjusting our reported pre-tax income (loss) and margin amounts. In addition to the costs and expenses noted as adjustments for our adjusted earnings measures, adjusted operating income (loss) and margin also exclude the remaining amounts included in Other expenses, net, which are primarily non-financing interest expense and certain other non-operating costs and expenses. 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.

A reconciliation of the estimated adjusted operating income expected to be delivered by the Reinvention to the closest GAAP financial measure, pre-tax income, is not provided because pre-tax income for those periods is not available without unreasonable effort, in part because the amount of estimated restructuring and other incremental costs related to the Reinvention is not available at this time.

<u>Constant Currency (CC)</u>
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." This impact is calculated by translating current period activity in local currency using the comparable prior year period's currency translation rate. This impact is calculated for all countries where the functional currency is not the U.S. dollar. 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.

<u>Free Cash Flow</u>
To better understand trends in our business, we believe that it is helpful to adjust operating cash flows by subtracting amounts related to capital expenditures. 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.

Adjusted Net Income and EPS Reconciliation

(in millions, except per share amounts)	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022	
	Net Income	Diluted EPS	Net (Loss) Income	Diluted EPS
Reported [1]	$ 49	**$ 0.28**	$ (383)	**$ (2.48)**
Adjustments:				
Goodwill Impairment	-		412	
Restructuring and related costs, net	10		22	
Amortization of intangible assets	12		10	
Non-service retirement-related costs	4		(7)	
Tax Indemnification - Conduent	(7)		-	
Income tax on adjustments [2]	9		(21)	
Adjusted	$ 77	**$ 0.46**	$ 33	**$ 0.19**
Dividends on preferred stock used in adjusted EPS calculation [3]		$ 4		$ 4
Weighted average shares for adjusted EPS [3]		159		157
Fully diluted shares at end of period [4]		125		

(1) Net Income (Loss) and EPS attributable to Xerox Holdings. Net Loss and EPS for the third quarter 2022 include an after-tax non-cash goodwill impairment charge of $395 million, or $2.54 per share.

(2) Refer to Adjusted Effective Tax Rate reconciliation.

(3) For those periods that include the preferred stock dividend, the average shares for the calculations of diluted EPS exclude the 7 million shares associated with our Series A Convertible preferred stock.

(4) Common shares outstanding at September 30, 2023 plus potential dilutive common shares used for the calculation of adjusted diluted EPS for the third quarter 2023. Excludes shares associated with our Series A convertible preferred stock, all of which were anti-dilutive for the third quarter 2023 and 2022, respectively.

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Adjusted Effective Tax Rate Reconciliation

(in millions)	Three Months Ended September 30, 2023					Three Months Ended September 30, 2022				
		Pre-Tax Income		Income Tax (Benefit) Expense	Effective Tax Rate		Pre-Tax (Loss) Income		Income Tax Expense	Effective Tax Rate
Reported[1]	**$**	**63**	**$**	**15**	**23.8%**	**$**	**(380)**	**$**	**3**	**-0.8%**
Goodwill Impairment		-		-			412		17	
Non-GAAP Adjustments[2]		19		(9)			25		4	
Adjusted [3]	**$**	**82**	**$**	**6**	**7.3%**	**$**	**57**	**$**	**24**	**42.1%**

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(1) Pre-Tax Income (Loss) and Income Tax expense.

(2) Refer to Adjusted Net Income and EPS reconciliations for details.

(3) The tax impact on the Adjusted Pre-Tax Income' is calculated under the same accounting principles applied to the Reported Pre-Tax Income (Loss) under ASC 740, which employs an annual effective tax rate method to the results.

Adjusted Operating Income and Margin Reconciliation

(in millions)	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin
Reported [(1)]	$ 63	$ 1,652	3.8%	$ (380)	$ 1,751	(21.7)%
Adjustments:						
Goodwill impairment	-			412		
Restructuring and related costs, net	10			22		
Amortization of intangible assets	12			10		
Other expenses, net	(17)			1		
Adjusted	$ 68	$ 1,652	4.1%	$ 65	$ 1,751	3.7%

(1) Pre-tax Income (Loss)

Free Cash Flow Reconciliation

	Three Months Ended September 30,	
(in millions)	2023	2022
Reported [1]	$ 124	$ (8)
Less: capital expenditures	12	10
Free Cash Flow	$ 112	$ (18)

(1) Net cash provided by (used in) operating activities.

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Other Expenses, net Reconciliation

	Three Months Ended September 30,	
(in millions)	**2023**	**2022**
Reported	$ (17)	$ 1
Less: non-service retirement-related costs	4	(7)
Adjusted	**$ (21)**	**$ 8**

Net Income (Loss) and EPS Reconciliation - Historical

(in millions, except per share amounts)	Year Ended December 31, 2021		Q1-22		Q2-22		Q3-22		Q4-22		Year Ended December 31, 2022		Q1-23		Q2-23	
	Net (Loss) Income	EPS	Net Loss	EPS	Net (Loss) Income	EPS	Net (Loss) Income	EPS	Net Income	EPS	Net (Loss) Income	EPS	Net Income	EPS	Net (Loss) Income	EPS
Reported [1]	$ (455)	$ (2.56)	$ (56)	$ (0.38)	$ (4)	$ (0.05)	$ (383)	$ (2.48)	$ 121	$ 0.74	$ (322)	$ (2.15)	$ 71	$ 0.43	$ (61)	$ (0.41)
PARC donation	-		-		-		-		-		-		-		132	
Goodwill Impairment [2]	781		-		-		412		-		412		-		-	
Restructuring and related costs, net	38		18		1		22		24		65		2		23	
Amortization of intangible assets	55		11		10		10		11		42		11		10	
Non-service retirement-related costs	(89)		(7)		(4)		(7)		6		(12)		(1)		11	
Accelerated Share Vesting	-		-		21		-		-		21		-		-	
Loss on early extinguishment of debt	-		-		4		-		1		5		-		3	
Contract termination costs [3]	-		33		-		-		-		33		-		-	
PARC donation income tax	-		-		-		-		-		-		-		(40)	
Income tax on adjustments	(37)		(13)		(4)		(21)		(17)		(55)		(1)		(6)	
Adjusted	$ 293	$ 1.51	$ (14)	$ (0.12)	$ 24	$ 0.13	$ 33	$ 0.19	$ 146	$ 0.89	$ 189	$ 1.12	$ 82	$ 0.49	$ 72	$ 0.44
Dividends on preferred stock used in adjusted EPS calculation [4]		$ 14		$ 4		$ 3		$ 4		$ -		$ 14		$ 4		$ 3
Weighted average shares for adjusted EPS [4]		185		156		156		157		165		157		158		158

[1] *Net (Loss) Income and EPS attributable to Xerox Holdings.*

[2] *Full-year 2021 Net (loss) and EPS include an after-tax non-cash goodwill impairment charge of $750 million ($781 million pre-tax) or $4.08 per share. Third quarter and full-year 2022 Net (loss) and EPS include an after-tax non-cash goodwill impairment charge of $395 million ($412 million pre-tax), or $2.54 per share, respectively.*

[3] *Reflects termination of a product supply agreement in the first quarter of 2022.*

[4] *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 convertible preferred stock, as applicable.*

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Adjusted Operating Income (Loss) and Margin Reconciliation - Historical

(in millions)	Year Ended December 31, 2021 (Loss) Profit	Revenue	Margin	Q1-22 Loss	Revenue	Margin	Q2-22 (Loss) Profit	Revenue	Margin	Q3-22 (Loss) Profit	Revenue	Margin	Q4-22 (Loss) Profit	Revenue	Margin	Year Ended December 31, 2022 (Loss) Profit	Revenue	Margin
Reported [1]	$ (475)	$ 7,038	(6.7%)	$ (89)	$ 1,668	(5.3%)	$ (5)	$ 1,747	(0.3%)	$ (380)	$ 1,751	(21.7%)	$ 146	$ 1,941	7.5%	$ (328)	$ 7,107	(4.6%)
Adjustments:																		
Goodwill impairment	781			-			-			412			-			412		
Restructuring and related costs, net	38			18			1			22			24			65		
Amortization of intangible assets	55			11			10			10			11			42		
PARC donation	-			-			-			-			-			-		
Accelerated Share Vesting	-			-			21			-			-			21		
Other expenses, net	(24)			57			8			1			(3)			63		
Adjusted	$ 375	$ 7,038	5.3%	$ (3)	$ 1,668	(0.2%)	$ 35	$ 1,747	2.0%	$ 65	$ 1,751	3.7%	$ 178	$ 1,941	9.2%	$ 275	$ 7,107	3.9%

[1] *Pre-Tax (Loss) Income.*

(in millions)	Q1-23 Profit	Revenue	Margin	Q2-23 Profit	Revenue	Margin
Reported [1]	$ 85	$ 1,715	5.0%	$ (89)	$ 1,754	(5.1%)
Adjustments:						
Restructuring and related costs, net	2			23		
Amortization of intangible assets	11			10		
PARC donation	-			132		
Other expenses, net	20			31		
Adjusted	$ 118	$ 1,715	6.9%	$ 107	$ 1,754	6.1%

[1] *Pre-Tax Income (Loss).*

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Free Cash Flow Reconciliation – Historical

(in millions)	Year Ended December 31, 2021	Q1-22	Q2-22	Q3-22	Q4-22	Year Ended December 31, 2022	Q1-23	Q2-23
Reported[(1)]	$629	$66	($85)	($8)	$186	$159	$78	$95
Less: capital expenditures	68	16	13	10	18	57	8	7
Free Cash Flow	$561	$50	($98)	($18)	$168	$102	$70	$88
Add: one-time contract termination charge - product supply	-	-	41	-	-	41	-	-
Free Cash Flow - Adjusted	$561	$50	($57)	($18)	$168	$143	$70	$88

(1) *Net cash provided by (used in) operating activities.*

Adjusted Operating Income and Margin – Guidance

	FY 2023		
(in millions)	**Profit**	**Revenue (CC)** [2, 3]	**Margin**
Estimated [1]	~$125	~$7,000	~1.8%
Adjustments:			
PARC donation	132		
Restructuring and related costs, net	65		
Amortization of intangible assets	40		
Other expenses, net	40		
Adjusted [4]	~$400	~$7,000	5.5-6.0%

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(1) *Pre-tax income and revenue.*

(2) *Full-year revenue is estimated to be flat to down low-single-digits, in constant currency. Revenue of $7.0 billion reflects the midpoint of the guidance range.*

(3) *See "Constant Currency" in the Non-GAAP Financial Measures section for a description of constant currency.*

(4) *Adjusted pre-tax income reflects the mid-point of the adjusted operating margin guidance range.*

Free Cash Flow – Guidance

(in millions)	FY 2023
Operating Cash Flow [1]	At least $650
Less: capital expenditures	50
Free Cash Flow	At least $600

(1)Net cash provided by operating activities.

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