

Investor Relations

2012 Investor Conference / Quarter 1 2013 Results



Forward-Looking Statements

This presentation 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 and are subject to a number of factors that may cause actual results to differ materially. These 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; actions of competitors; 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; the risk that unexpected costs will be incurred; the risk that subcontractors, software vendors and utility and network providers will not perform in a timely, quality manner; our ability to recover capital investments; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term; the risk that our Services business could be adversely affected if we are unsuccessful in managing the ramp-up of new contracts; development of new products and services; our ability to protect our intellectual property rights; our ability to expand equipment placements; 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; interest rates, cost of borrowing and access to credit markets; reliance on third parties for manufacturing of products and provision of services; our ability to drive the expanded use of color in printing and copying; the outcome of litigation and regulatory proceedings to which we may be a party; 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 2012 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The Company 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.

Why Xerox?

- Shifted to a Services-led growth portfolio
- Maintaining Document Technology leadership
- Steady-state earnings expansion of 10%+
- Strong cash generation growing in line with earnings
- Committed to a balanced capital allocation strategy

Services-Led...

Building a business portfolio to generate consistent, solid earnings growth

Services: Top-line growth and improving profitability

- Diversified BPO
- Managed Print Services
- Vertically-focused ITO

Document Technology: Bottom-line stability

- Consistent profitability through an annuity-based model
- Strong cash generation
- Sharp focus on operational efficiencies

...Innovation-Driven

Xerox Value Proposition

Mix to Services

- Markets growing >5%
- Services as a % of total expanding
- Portfolio management and acquisitions
- Global Expansion

Focus on Cost and Expense

- Services delivery
- Doc. Technology infrastructure
- Process automation & innovation
- Leverage partners

Advantaged Verticals

- Deep verticals focus in Services
- Leader in emerging areas, i.e. HIX
- Applying research and innovation

Sustainable Shareholder Value

- Steady state 10%+ EPS growth
- Strong cash flow, growing with earnings
- Balanced capital allocation

~2/3^{rds}
of revenue
by 2017

\$130M
restructuring
savings
in 2013**

~\$2B
healthcare
revenue

>50%
FCF return to
shareholders*

* >50% FCF return to shareholders through share repurchase and dividends in 2011 and 2012

** Restructuring savings from Q4 2012 restructuring actions

Segment Characteristics

Services (~55% of Total Revenue)

Revenue (2013)

Mid-to-high single digit growth*

Annuity % of Revenue

>90%

Segment Margin

10 – 12%

Portfolio Dynamics

- Broad and diverse portfolio
 - Differing growth and profitability profiles by line of business
- Long-term contracts with high renewal rates
 - Target renewal rate 85 to 90%
- Signings volatility driven by mega deals
 - Varying contract lengths and “time to revenue/profit”
- Relatively modest CAPEX, around 3% of revenue
 - ITO and Transportation more capital intensive

Limited macro sensitivity given largely recurring revenue and diversity of business

Document Technology (~40% of Total Revenue)

Revenue (2013)

Mid-single digit decline*

Annuity % of Revenue

~70%

Segment Margin

9 – 11%

Secular Dynamics

Decline in B&W high-end **<9%**
of Tech Revenue

Migration to Services **~(2)% pts**
impact on Tech Revenue

Growth in developing markets **3%**
market CAGR thru '15

Offset to digital transition **only 2%**
of pages are digital

Moderate macro sensitivity especially on hardware and unbundled supplies sales

* Expect to be at the low-end of revenue growth ranges as communicated in our Q1 2013 earnings release
Expect “Other” segment revenue decline of mid-to-high single digits



2013 Guidance

Income Statement

Revenue Growth @ CC*	Flat to up 2%**
Services	Up mid-to-high single digits**
Document Technology	Down mid-single digits**
Adjusted EPS ¹	\$1.09 - \$1.15
GAAP EPS	\$0.94 - \$1.00

EPS Drivers

- Continued weak macro and low interest rate environment
- Services growth offsets Document Technology revenue declines
- Modest operating margin improvement
- Share repurchase and restructuring support EPS expansion
- **Steady State goal:** grow EPS 10%+

Cash Flow

(in billions)

Operating Cash Flow	\$2.1 - \$2.4
CAPEX	<u>\$(0.5)</u>
Free Cash Flow	\$1.6 - \$1.9

Cash Flow Drivers

- Working capital flat
- Pension funding benefit YOY
- Restructuring payments flat YOY
- Lower benefit from finance receivables YOY
- **Steady State goal:** grow cash flow in line with earnings expansion

*Revenue growth guidance excluding potential divestitures

**Expect to be at the low-end of revenue growth ranges as communicated in our Q1 2013 earnings release

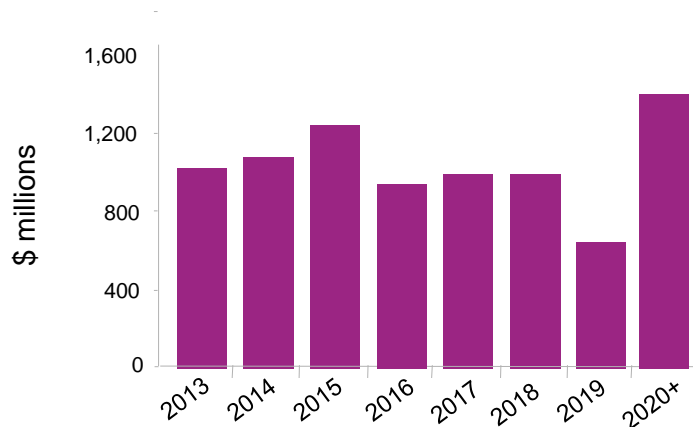
¹Adjusted for amortization of intangible assets

Constant Currency (CC): see non-GAAP measures



Capital Structure

Debt Maturity Ladder



- Investment Grade balance sheet
- Ended 2012 with \$8.5B of debt; majority associated with financing
- Balanced debt maturity ladder
 - ~\$1B of debt coming due in 2013

Core vs. Implied Financing Debt

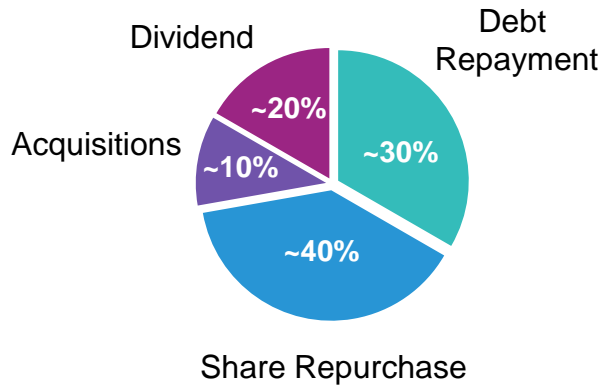
- Maintain 7:1 leverage ratio of debt to equity on finance assets

	<u>March 31, 2013</u>	
(in billions)	Fin. Assets	Debt
Financing	\$5.6	\$ 4.9
Core	-	\$ 3.6
Total Xerox	\$ 5.6	\$ 8.5

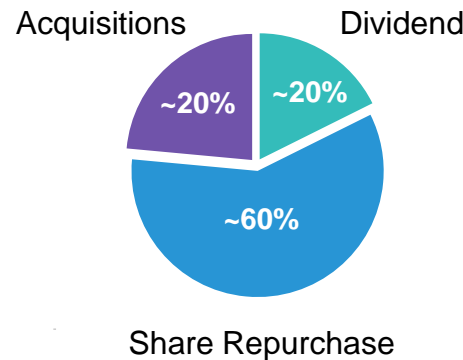
- Xerox Financing business is at or above benchmark with respect to penetration rates, portfolio quality and loss rates
- Opportunity to optimize Financing debt cost and diversify funding structures
 - Will employ modest amount of finance receivable sales/securitizations

Capital Allocation

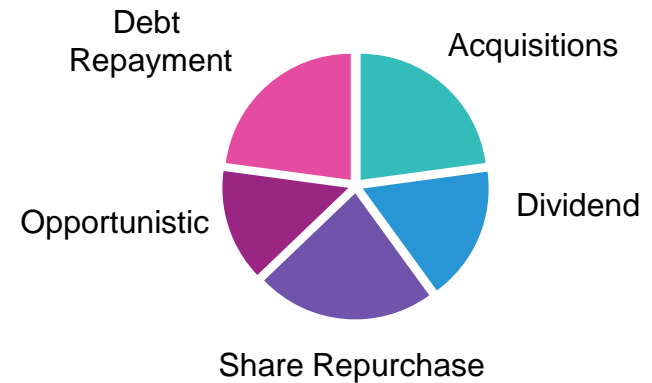
2011



2012



2013 Plan



2013 balanced to deliver shareholder returns while maintaining investment grade leverage

- **Dividend¹**: ~\$300M, increasing 35% to 5.75 cents per share quarterly
- **Acquisitions**: up to \$500M, focused on Services
- **Share Repurchase**: at least \$400M, increasing authorization by \$1B
- **Debt Repayment**: at least \$400M

¹All dividends, including the planned increased dividend, are subject to declaration by the Xerox Board of Directors, in its sole discretion. Dividend increase to be effective on dividend declared in February 2013 and payable on April 30, 2013

Services

Diversified Services Offerings

Document Outsourcing (~26%)

- Comprehensive portfolio of Managed Print Services
- Optimize printing infrastructure - manage and rationalize the operations of Xerox and non-Xerox devices
- Support small and mid-size businesses up through large global enterprises
- Channel partner coverage and certification
- Cloud-based connectivity
- Suite of software tools

State Government (~14%)

- Medicaid administrative solutions
- Health Information Exchange
- Child support payment processing
- Eligibility determination & case management
- Electronic benefits transfer
- IT services
- Pharmacy benefits management services

Commercial IT (~11%)

- Data center outsourcing
- Network management services
- Desktop management
- Help desk
- Remote infrastructure management
- Application services
- Enterprise cloud services

Transportation & Local Government (~9%)

- Electronic toll collection
- Fare payment & collection
- Commercial carrier solutions
- Traffic photo enforcement
- Traffic & parking mgmt.
- IT Services
- Government records mgmt.

Central Government (~3%)

- Student loan servicing, healthcare claims processing, electronic payment cards

HR Services (~11%)

- Consulting: retirement, health, comp
- Outsourcing: Employee service center, data management, payroll
- Benefits Outsourcing: 401(k), pension, health self-service portal
- Learning: technology services, content development, administration

Healthcare Payer/ Pharma & C&MS (~8%)

- Healthcare payer claim processing, billing, payment, reconciliation
- Healthcare payer customer care, Web-based self service
- Cost recovery, audit, cost avoidance
- Communication & Marketing Services

Customer Care (~6%)

- Wireless customer care: customer acquisitions, device support, loyalty plans & collections
- Travel: back office processing, on-line check-in support, customer care
- Tech support and services

Financial Services (~6%)

- F&A: A/P, A/R, close process, procurement, cash mgmt., expense reimbursement
- Student loan servicing, student financial aid, enrollment mgmt.
- Financial Services: data processing services to auto finance & leasing

Healthcare Provider (~3%)

- Consulting solutions
- Revenue cycle management
- Analytical care management & workflow solutions

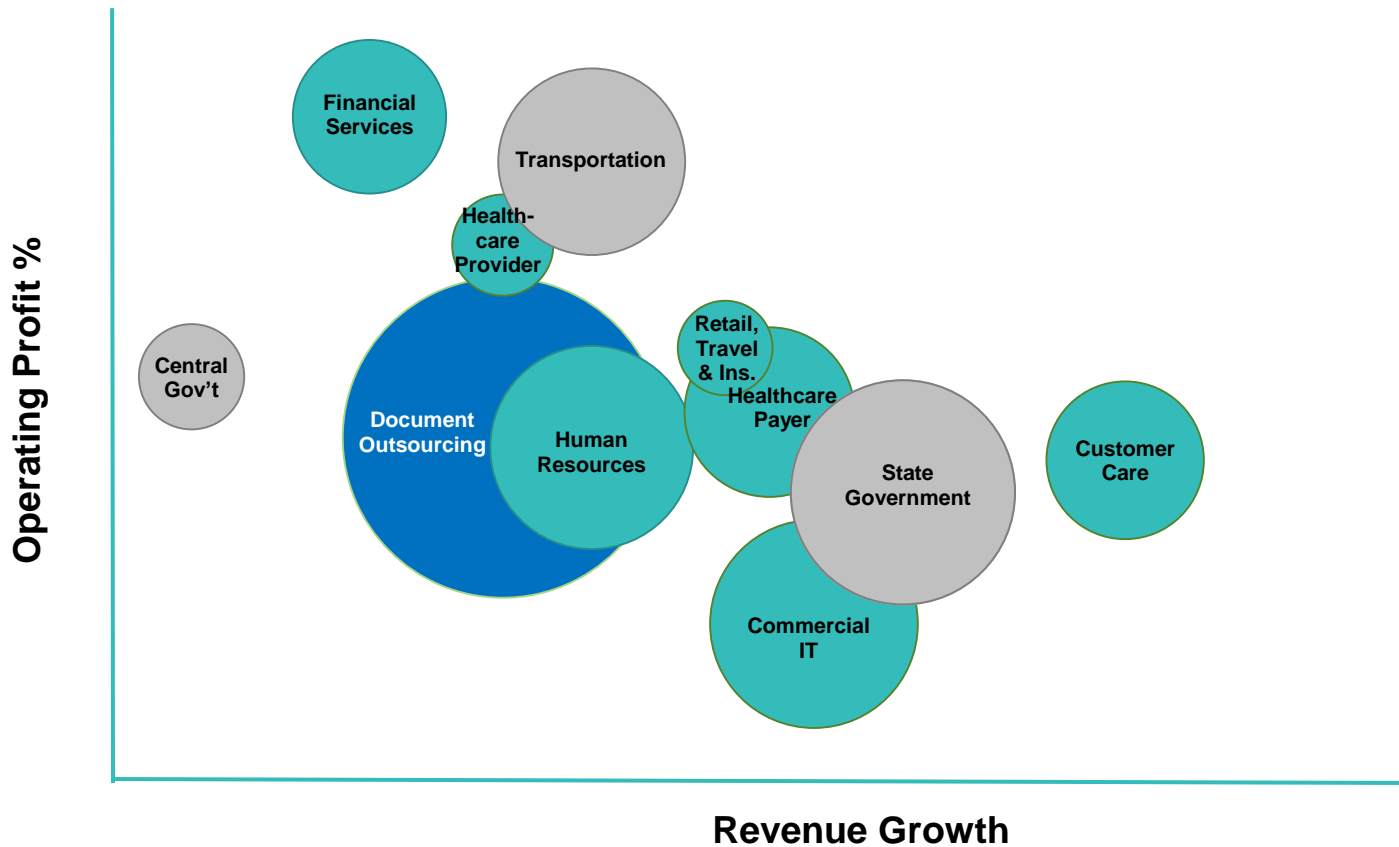
Retail, Travel & Insurance (~3%)

- Transactional services for retail, travel and non-healthcare insurance companies
- Increased industry focus

Services – Portfolio Dynamics

Focused on ongoing portfolio management

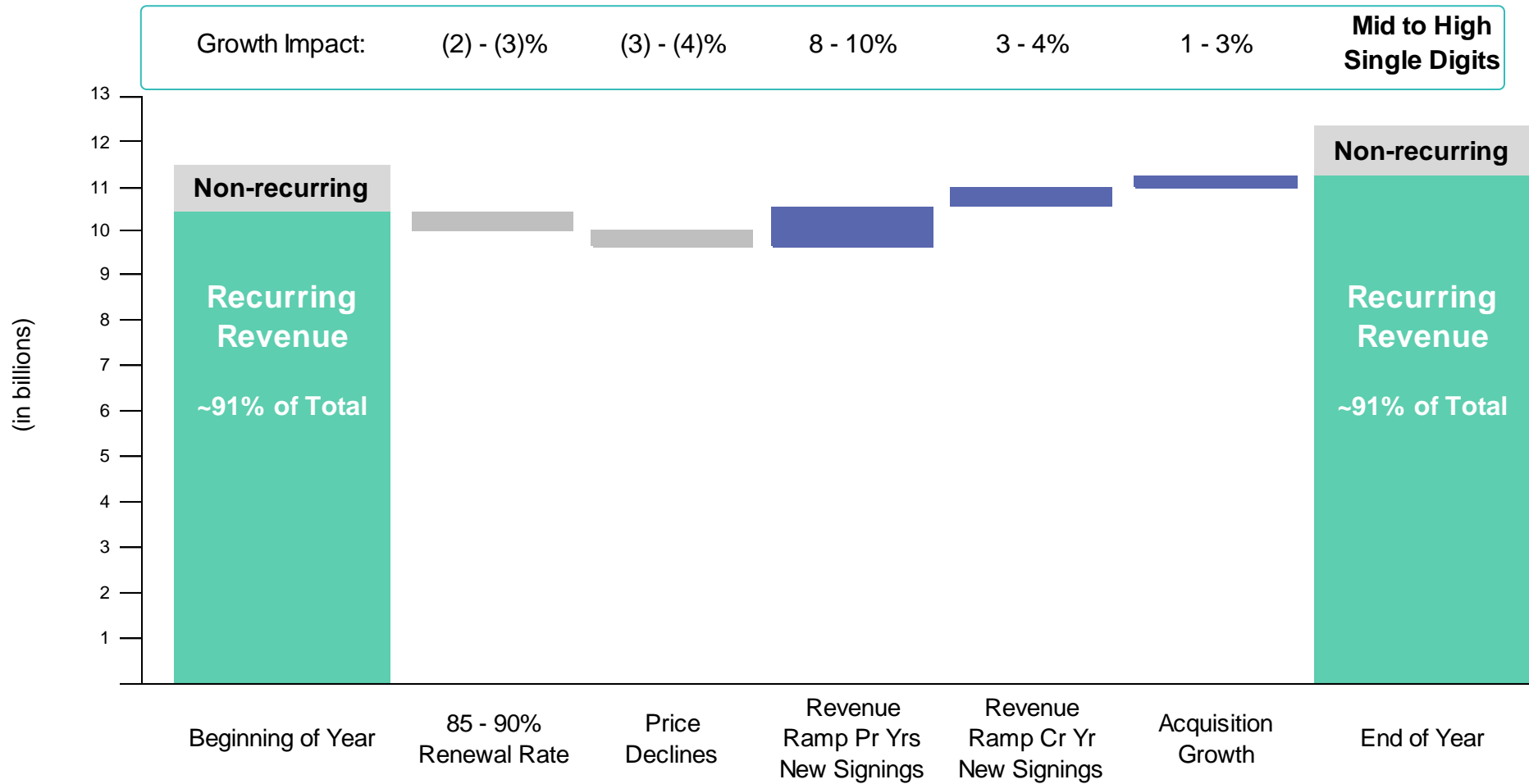
- Invest in areas of differentiation and scale
- Divest of non-core businesses



Note: The graphic above is a relative representation of the Services lines of business in 2013
Communication and Marketing Services is now contained within the Healthcare Payer business

Services - Recurring Revenue Model

Good visibility to Services revenue growth, large portion of revenue under contract



Document Technology

Printing Market: Focus on Attractive Segments

	Consumer	Office Environment		Production	
	Inkjet	Laser Printers	Workgroup MFPs	High-End Devices	
Market Size & Growth¹	Declining (5%) \$23B	Declining (1%) \$33B	Declining (1%) \$44B	Growing 3% [Color 11%, B&W (11%)] \$17B \$6B (eligible offset)	
Xerox Position	Do not participate	Less than 7% share	Technology & Services leader	Technology & Services leader	Xerox Impact
Industry Trends	Decline in low-value pages	mobile workforce (smartphones/tablets)			--
		distribute & view			-
	Growth in high-value pages	in-house printing			+
color affordability (price per page decline)			++/-		
Consolidation of devices	mass personalization			+	
	from desktops to MFPs			+/-	
		move to services			++

Xerox print markets in slow contraction, down low single digits; current economic environment amplifies contraction

Competitively Advantaged

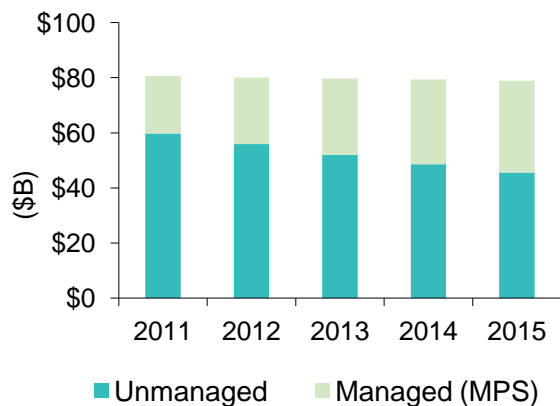
Lead in Large Enterprises

Superior ability to **coordinate multi-site delivery** from local to global

Through MPS, **manage any vendors** products, technical service and supplies

Best in class remote device management, help desk, technical service, supplies management and reporting

Office Market Revenue



Capture the SMB Opportunity

Success with Global Imaging Systems, nearly 20% of Document Technology with industry-leading margins

Expanding in developing markets, focus on BRIM¹ countries

Providing greater value for partners through expanded MPS, and most extensive product line

2x

SMB market more than twice the size of Large Enterprise

17

Percent projected SMB MPS CAGR through 2015

Digitize Production Printing

Market leader with world class capabilities in productivity, digital workflow and automation

Broadest product portfolio to support Graphic Communications

Participating and investing in inkjet-driven market expansion

WW Production Print

50 trillion pages, **digital only 2%**



Services Back-up

A Leader in Growth Markets

Business Process Outsourcing
\$250 billion market
2011-2015 CAGR: 7%

Document Outsourcing
\$48 billion market
2011-2015 CAGR: 7%

Information Technology
Outsourcing
\$250 billion market
2011-2015 CAGR: 4%

Market leader in key growth areas:

- Health care services
- Transportation services
- Human resource services

Created the MPS industry

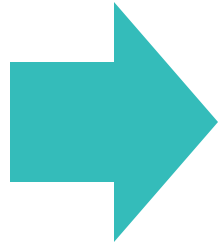
- Continue as market share leader today
- Broadened MPS portfolio for channel partners

- Expanding provider of enterprise cloud services
- Leader in Help Desk & Desktop Outsourcing

Customer-Focused Innovation

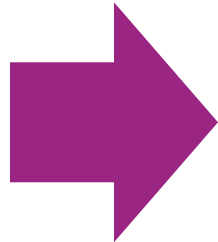
Market Trends

Business analytics



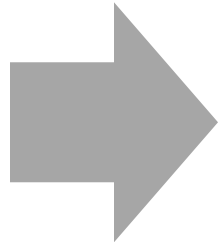
- Patient scheduling/outcomes analysis
- Parking price optimization
- Customer & product wireless analytics
- Cost containment
- Fraud protection

Process automation



- Vector (EZ-Pass)
- Health Enterprise: Medicaid processing
- Content Management
- Call Simplicity

IT convergence



- Asset DB
- In Home Worker

Innovation

Acquisitions Enhance Market Position

- Well-run businesses with strong and committed management
- EPS and margin accretive in year one
- Requires disciplined portfolio management

Healthcare: software & adjacencies



EMR Adoption



HRO – adjacencies



Customer Care – analytics and geographic expansion



Customer Care Data Analytics - UK



Vertical Expertise: Xerox Healthcare

1700+

Hospitals served

900+

Million healthcare claims processed per year

22+

Thousand employees dedicated to healthcare

36

Million people served by government health services

100

Percent of the top ten BCBS organizations are clients

\$2B+

Of Xerox services revenues

20

Of the top 20 US Managed Healthcare plans are clients

2/3

Of U.S. insured patients are touched by our services

37

U.S. states supported by government health solutions

Healthcare Offerings and Solutions

Providers



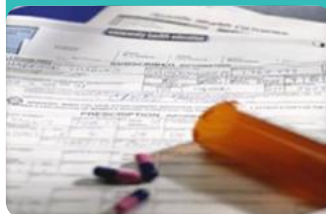
- Management and Technology Consulting
- EMR & HIE Integration
- Analytics & Data Management
- Care and Quality Management Software and Comparative Data
- Infrastructure and Platform Services
- Enterprise Print Services
- Adoption and End User Training

Payers



- Transaction processing
- Customer Care
- Communication & Marketing Services
- Cost Avoidance and Recovery
- Care Management
- Health Insurance Exchange

Pharma / Life Sciences



- Analytics
- Customer Care
- Document Supply Chain Management
- Finance and Accounting
- Enterprise Print Services
- Enterprise Marketing Services
- Human Resources
- Transaction BPO

Government



- State HIEs
- Eligibility/Health Insurance Fraud and Abuse
- Health Analytics & Reporting
- Health Information
- Medicaid Fiscal Agent and MMIS
- Pharmacy Benefits Management

Employers



- Actuarial Services
- Benefit Consulting
- Communications
- Document Supply Chain Management
- Enterprise Print Services
- Enterprise Marketing Services
- Finance and Accounting
- Human Resources
- Plan Administration

Document Technology Back-up

Strengthening Market Leadership

\$1.5 billion in R&D together with Fuji Xerox

5 year leader in Gartner MPS Magic Quadrant

10 MPS Global Services delivery centers across the globe

40 percent high end equipment revenue market share

#1 equipment revenue market share leader worldwide

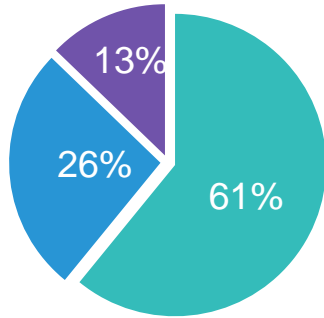
#1 most extensive multifunction printer portfolio

2/3 of Partner Print Services wins are new business

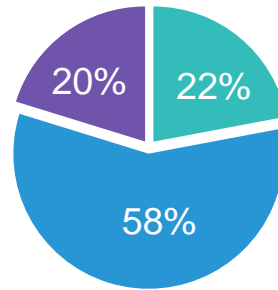
>10 thousand active U.S. patents

50 percent MPS Partner growth in 2012

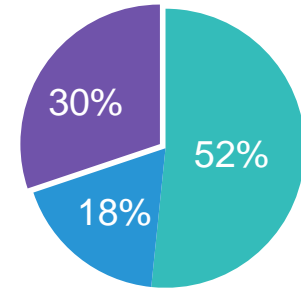
Document Technology Dynamics



■ N. America ■ Europe ■ DMO



■ Entry ■ Mid ■ High-End



■ Annuity tied to contracts
■ Annuity from unbundled supplies
■ Equipment

- **North America** largest and most profitable geography
- **Europe** revenue and margin under pressure
- **Developing markets** highest growth with improving margins

- **Mid-range** largest product segment, most impacted by migration to services
- **High-end** most sensitive to economy
- **Entry** growth driven by developing markets

- Majority of **annuity** tied to contracted revenue
- **Equipment** impacted by 5 to 10% price erosion, most sensitive to economy
- **Unbundled supplies** primarily sold through indirect channels

Financial Back-up

Q4 Restructuring Initiative

Focus Area

Q4 Charge

2013 Savings

Services Workforce Optimization

~\$55M

~\$80M

- Reduction in management layers
- Better utilization of partner, at-home and off-shore resources
- Process automation

Document Technology Infrastructure

~\$45M

~\$50M

- Across all areas, from supply chain to back-office support
- Capturing benefits of productivity and automation
- Leveraging partnerships with Fuji Xerox and others

Savings offsetting contract mix and market dynamics, drive margin improvement

Note: We expect to incur additional restructuring charges of approximately \$35 million in the second quarter of 2013 for actions and initiatives that have not yet been finalized.



We are Executing a Series of Initiatives in Services to Expand Margins

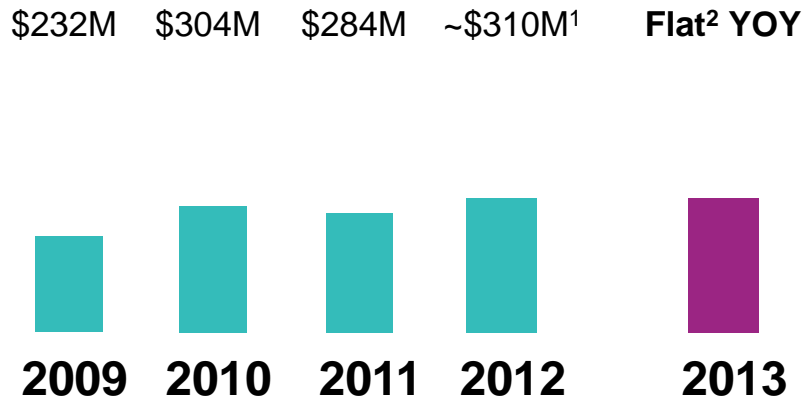
- We have a cost issue, not a revenue issue
 - Productivity gains not sufficient to offset:
 - Intensity of new contract ramp
 - Previous loss of high margin contracts
 - Typical price erosion
- To move margins into the target range, we are:
 - Restructuring to streamline the organization
 - Increasing the use of lower cost labor (off-shoring and at-home working)
 - Accelerating innovation
 - “Business Re-invention Center” leverages Xerox R&D and improves the pace of technology adoption

Pension Expectations

- Low interest rate environment greatly impacted 2011 and 2012
- Expect further discount rate reduction to impact 2013
- Freezing of all major defined benefit plans already announced

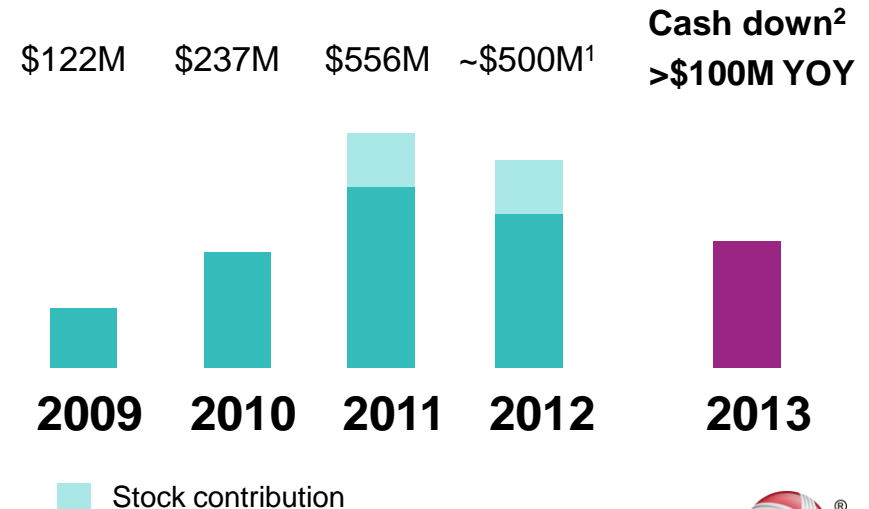
Expense

- Recognizes long term nature of pensions, allows for smoothing effect
- Shift to defined contribution plans will reduce burden over time



Funding

- Local law / regulatory requirements
- Recent U.S. legislation lowers in short term
- No stock contribution planned in 2013



¹Estimate for 2012

²2013 estimate based on expectations as of 10/31/12

Xerox Performance Based Incentive System

Short Term

<u>Metric</u>	<u>Weight</u>	Annual Cash Pay-out
Adjusted EPS	40 %	
Cash Flow from Ops	40 %	
Revenue Growth CC*	20 %	

Stock Ownership Guidelines

<u>Role</u>	<u>Multiple of Base Salary</u>
Named Officers	3x
All Other Officers	2x

Long Term – Annual / 3yr Cumulative Targets

<u>Metric</u>	<u>Weight</u>	Equity performance shares 3 year vesting from grant date
Adjusted EPS	40 %	
Cash Flow from Ops	40 %	
Revenue Growth CC*	20 %	

*Constant Currency (CC): see non-GAAP measures



First-Quarter 2013 Earnings Presentation

Ursula Burns
Chairman & CEO

April 23, 2013



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Strategy Overview

- Shifted to a Services-led growth portfolio
- Maintaining Document Technology leadership
- Consistent earnings expansion
- Strong cash generation
- Balanced capital allocation strategy

Annuity 86%
of Total Revenue

Services 55%
of Total Revenue

First-Quarter Summary

Adjusted EPS¹ of 27 cents, GAAP EPS of 23 cents

- Includes 2 cent benefit from reserve reduction related to recent litigation developments

Services revenue up 4%; margin of 9.3% flat YOY

- Solid growth despite challenging revenue compare and lower inorganic contribution
- Margins flat; cost savings offset mix and pricing
- Good start to the year for signings and renewal rate

Technology revenue down 9%; margin of 8.8% down 1.7pts YOY

- Impacted by transition to new products and challenging market environment
- Exited quarter with stronger YOY backlog

Operating margin down 1.1pts YOY; continued focus on cost infrastructure

- Planning for higher levels of restructuring in Q2

Cash flow from operations of \$(87)M

- Reflects normal seasonality and new product inventory investments

Earnings

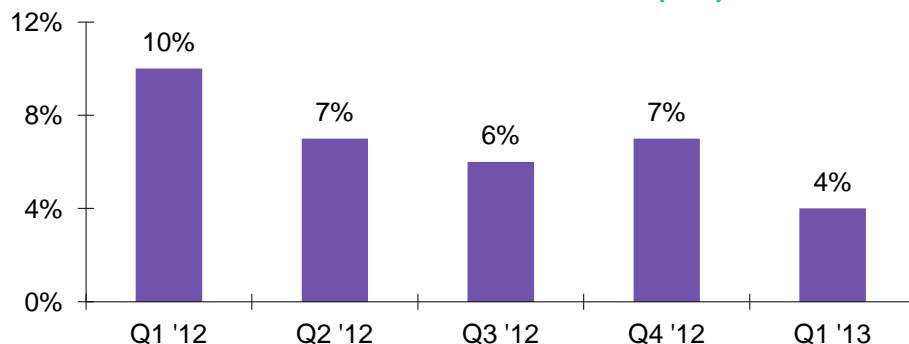
(in millions, except per share data)

	<u>Q1 2013</u>	<u>Q1 2012</u>	<u>Comments</u>
Revenue	\$ 5,356	\$ 5,503	Services growth more than offset by Document Technology declines
Gross Margin	30%	31%	
RD&E	\$ 154	\$ 173	
SAG	\$ 1,057	\$ 1,068	
<i>SAG % of Revenue</i>	<i>19.7%</i>	<i>19.4%</i>	
Adjusted Operating Income¹	\$ 396	\$ 467	
<i>Operating Income % of Revenue</i>	<i>7.4%</i>	<i>8.5%</i>	Impacted by lower than expected revenue in Document Technology
Adjusted Other, net ¹	\$ 12	\$ 79	Includes \$37M litigation benefit and lower restructuring
Equity Income	\$ 47	\$ 40	
Adjusted Tax Rate ¹	22%	28%	Reflects benefits from the American Taxpayer Relief Act of 2012
Adjusted Net Income – Xerox¹	\$ 347	\$ 319	
Adjusted EPS¹	\$ 0.27	\$ 0.23	
Amortization of intangible assets	0.04	0.04	
GAAP EPS	\$ 0.23	\$ 0.19	

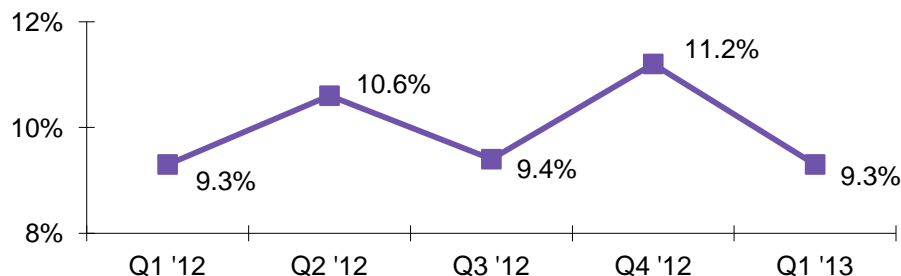
Services Segment

(in millions)	Q1	% B/(W) YOY	
	2013	Act Cur	CC
Total Revenue	\$2,920	4%	4%
Segment Profit	\$273	4%	
Segment Margin	9.3%	flat	

Revenue Growth Trend (CC)



Segment Margin Trend



Solid revenue growth

- BPO up 3%, DO up 1%, ITO up 13%

Over half of revenue from BPO

- 61% BPO, 27% DO and 12% ITO

Margin flat YOY - cost savings offset mix and pricing

BPO/ITO renewal rate of 89%, ARR new business signings up 8% YOY

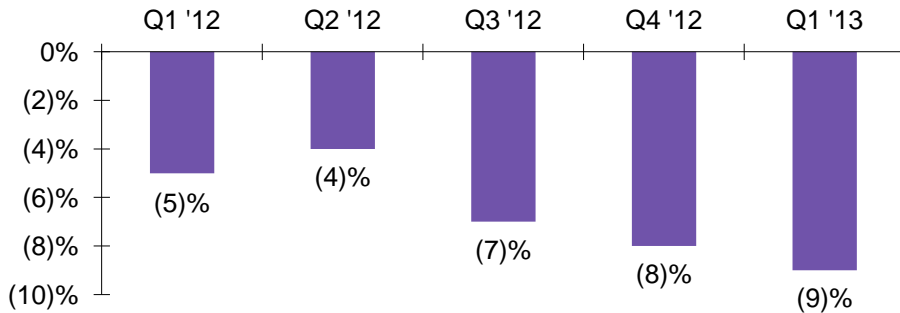
Signings (TCV)

Business Process Outsourcing	\$2.8
Information Technology Outsourcing	\$0.1
Document Outsourcing	\$0.8
Total	\$3.7B
YOY Growth	64%
TTM Growth	(11)%

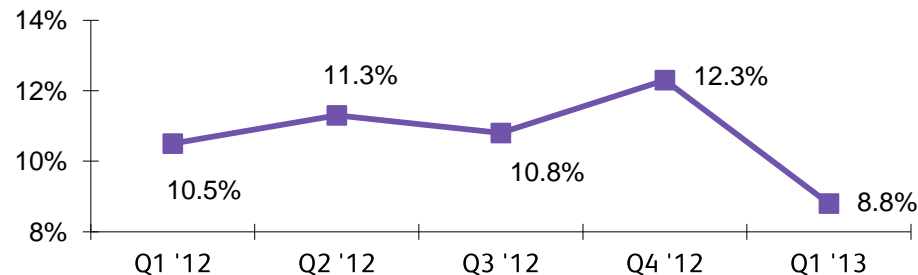
Document Technology Segment

(in millions)	Q1	% B/(W) YOY	
	2013	Act Cur	CC
Total Revenue	\$2,135	(9)%	(9)%
Segment Profit	\$187	(24)%	
Segment Margin	8.8%	(1.7) pts	

Revenue Growth Trend (CC)



Segment Margin Trend



Revenue decline reflects market weakness and new product transition within Mid-Range

- Including document outsourcing, revenue declined 6% CC
- Strong backlog will result in improvement in Q2

Over half of revenue from Mid-Range

- 58% Mid-Range, 22% Entry and 20% High-End

Lower revenue impacting margin

Entry Installs

A4 Mono MFDs	(22)%
A4 Color MFDs	16%
Color Printers	6%

Mid-Range Installs

Mid-Range B&W MFDs	(7)%
Mid-Range Color MFDs	(4)%

High-End Installs

High-End B&W	(20)%
High-End Color	44%

Cash Flow and Capital Structure

(in millions)	<u>Q1 2013</u>	<u>Q1 2012</u>
Net Income	\$ 300	\$ 276
Depreciation and amortization	329	313
Restructuring and asset impairment charges	(7)	17
Restructuring payments	(38)	(39)
Contributions to defined benefit pension plans	(45)	(79)
Inventories	(107)	(34)
Accounts receivable and Billed portion of finance receivables*	(248)	(356)
Accounts payable and Accrued compensation	(94)	(144)
Equipment on operating leases	(59)	(67)
Finance receivables	96	164
Other	(214)	(66)
Cash from Operations	\$ (87)	\$ (15)
Cash from Investing	\$ (153)	\$ (214)
Cash from Financing	\$ (1)	\$ 835
Change in Cash and Cash Equivalents	(253)	612
Ending Cash and Cash Equivalents	\$ 993	\$ 1,514

- Cash From Ops \$87M use of cash, reflects seasonality and new product inventory build
- CAPEX of \$107M
- Ending Debt of \$8.5B, includes \$4.9B of Financing Debt
 - \$400M senior note coming due in May, plan to retire
- Announced dividend increase of 35%¹

Summary

Executing on strategy and well positioned in Services

- Remain focused on improving cost infrastructure
- Good signings and renewal rate

Challenging quarter in Document Technology

- Impacted by transition to new products and continued market weakness
- Initial feedback on ConnectKey™ positive; seeing momentum in Graphic Communications

Continuing to enhance our business model

- Planning larger level of restructuring in Q2
- Managing portfolio of businesses i.e. divested N. America paper business

Maintaining full year Cash Flow guidance

EPS guidance*

- Q2 Adjusted EPS \$0.23 - \$0.25, GAAP EPS \$0.19 - \$0.21
 - Includes approximately 2 cents restructuring
- Maintaining FY Adjusted EPS of \$1.09 - \$1.15, GAAP EPS \$0.94 - \$1.00

Appendix

Revenue Trend

	2011		2012				2013	
(in millions)	FY	Pro - forma	Q1	Q2	Q3	Q4	FY	Q1
Total Revenue	\$ 22,626		\$5,503	\$5,541	\$5,423	\$5,923	\$22,390	\$5,356
<i>Growth</i>	5%	2%	1%	(1)%	(3)%	(1)%	(1)%	(3)%
<i>CC Growth</i>	3%	<i>Flat</i>	2%	1%	(1)%	<i>Flat</i>	<i>Flat</i>	(3)%
Annuity	\$ 18,770		\$ 4,692	\$ 4,695	\$ 4,618	\$4,909	\$18,914	\$ 4,632
<i>Growth</i>	6%	2%	1%	<i>Flat</i>	(1)%	2%	1%	(1)%
<i>CC Growth</i>	4%	1%	2%	2%	2%	3%	2%	(1)%
Annuity % Revenue	83%		85%	85%	85%	83%	84%	86%
Equipment	\$ 3,856		\$ 811	\$ 846	\$ 805	\$1,014	\$3,476	\$724
<i>Growth</i>	<i>Flat</i>	<i>Flat</i>	(2)%	(9)%	(14)%	(13)%	(10)%	(11)%
<i>CC Growth</i>	(1)%	(1)%	(1)%	(6)%	(12)%	(13)%	(8)%	(11)%

Note: Pro-forma revenue growth adjusts 2010 results to include ACS historical results for the comparable periods.

Constant currency: see non-GAAP measures

Segment Revenue Trend

(in millions)	2011		2012				2013	
	FY	Pro - forma	Q1	Q2	Q3	Q4	FY	Q1
Services	\$10,837		\$2,821	\$2,806	\$2,847	\$3,054	\$11,528	\$2,920
<i>Growth</i>	12%	6%	9%	5%	5%	7%	6%	4%
<i>CC Growth</i>	11%	5%	10%	7%	6%	7%	7%	4%
Document Technology	\$ 10,259		\$ 2,338	\$2,370	\$2,259	\$2,495	\$9,462	\$2,135
<i>Growth</i>	(1)%	(1)%	(6)%	(7)%	(10)%	(8)%	(8)%	(9)%
<i>CC Growth</i>	(3)%	(3)%	(5)%	(4)%	(7)%	(8)%	(6)%	(9)%
Other	\$ 1,530		\$ 344	\$365	\$317	\$374	\$1,400	\$301
<i>Growth</i>	(7)%	(7)%	(11)%	(6)%	(13)%	(4)%	(8)%	(13)%
<i>CC Growth</i>	(9)%	(9)%	(10)%	(4)%	(11)%	(3)%	(7)%	(13)%

Note: Pro-forma revenue growth adjusts 2010 results to include ACS historical results for the comparable periods.

Constant currency: see non-GAAP measures

Metrics Reference

Signings and Renewal Rate

	<u>Q1</u>
Business Process Outsourcing	\$2.8
Information Technology Outsourcing	\$0.1
Document Outsourcing	\$0.8
Total	\$3.7B
Signings Growth YOY	64%
Signings Growth TTM	(11)%
	<u>Q1</u>
Renewal Rate (BPO and ITO)	89%

Install, MIF and Page Growth

	<u>Q1</u>
Entry Installs	
A4 Mono MFDs	(22)%
A4 Color MFDs	16%
Color Printers	6%
Mid-Range Installs	
Mid-Range B&W MFDs	(7)%
Mid-Range Color MFDs	(4)%
High-End Installs	
High-End B&W	(20)%
High-End Color	44%
	<u>Q1</u>
Digital MIF	5%
Color MIF	13%
Digital Pages	(3)%
Color Pages	6%
Color Revenue (CC)	(8)%

2013 Full Year Guidance

Income Statement

Revenue Growth @ CC*	Flat to up 2%**
Services	Up mid-to-high single digits**
Document Technology	Down mid-single digits**
Adjusted EPS ¹	\$1.09 - \$1.15
GAAP EPS	\$0.94 - \$1.00

Q2 2013 Guidance

Adjusted EPS ¹	\$0.23 - \$0.25
GAAP EPS	\$0.19 - \$0.21

*Revenue growth guidance excluding potential divestitures

**Expect to be at the low-end of revenue growth ranges

¹Adjusted for amortization of intangible assets

Constant Currency (CC) and Free Cash Flow: see non-GAAP measures

Cash Flow and Capital Allocation

(in billions)	
Operating Cash Flow	\$2.1 - \$2.4
CAPEX	<u>\$(0.5)</u>
Free Cash Flow	\$1.6 - \$1.9
Share Repurchase	>\$0.4
Acquisitions	<\$0.5
Dividends	\$0.3
Debt Reduction	>\$0.4

Non-GAAP Measures

Non-GAAP Financial Measures

“Adjusted Earnings Measures”: To better understand the trends in our business, we believe it is necessary to adjust the following amounts determined in accordance with GAAP to exclude the effects of the certain items as well as their related income tax effects.

- Net income and Earnings per share (“EPS”)
- Effective tax rate

In 2013 and 2012 we adjusted for the 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. Accordingly, due to the incomparability of acquisition activity among companies and from period to period, we believe exclusion of the amortization associated with intangible assets acquired through our acquisitions allows investors to better compare and understand our results. 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.

We also calculate and utilize an Operating income and margin earnings measure by adjusting our pre-tax income and margin amounts to exclude certain items. In addition to the amortization of intangible assets, operating income and margin also exclude Other expenses, net as well as Restructuring and asset impairment charges. Other expenses, net is primarily comprised of non-financing interest expense and also includes certain other non-operating costs and expenses. Restructuring and asset impairment charges consist of costs primarily related to severance and benefits for employees pursuant to formal restructuring and workforce reduction plans. Such charges are expected to yield future benefits and savings with respect to our operational performance. 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.

“Pro-forma Basis”: To better understand the trends in our business, we discuss our 2011 revenue growth by comparing revenue in that year against an adjusted prior period revenue amount which includes ACS historical revenue for the comparable periods. We acquired ACS on February 5, 2010 and ACS’s results subsequent that date are included in our reported results. Accordingly, for comparison of our 2011 revenues to 2010, we added ACS’s 2010 estimated revenues for the period January 1 through February 5, 2010 to our reported 2010 results (pro-forma 2010). We refer to the comparison against this adjusted 2010 revenue amount as “pro-forma’ based comparisons. We believe the pro-forma comparisons provide investors with a better understanding and additional perspective of the expected post-acquisition revenue trends as well as the impact of the ACS acquisition.

Non-GAAP Financial Measures

“Constant Currency”: 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.” Currencies for developing market countries (Latin America, Brazil, Middle East, India, Eurasia and Central-Eastern Europe) that we operate in are reported at actual exchange rates for both actual and constant revenue growth rates because (1) these countries historically have had volatile currency and inflationary environments and (2) our subsidiaries in these countries have historically taken pricing actions to mitigate the impact of inflation and devaluation. 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.

Management believes that these non-GAAP financial measures provide an additional means of analyzing the current periods’ results against the corresponding prior periods’ results. 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 consolidated financial statements prepared in accordance with GAAP. Our 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.

A reconciliation of these non-GAAP financial measures and the most directly comparable measures calculated and presented in accordance with GAAP are set forth on the following slides.

Q1 GAAP EPS to Adjusted EPS Track

(in millions; except per share amounts)	Three Months Ended March 31, 2013		Three Months Ended March 31, 2012	
	Net Income	EPS	Net Income	EPS
Reported	\$ 296	\$ 0.23	\$ 269	\$ 0.19
Adjustments:				
Amortization of intangible assets	51	0.04	50	0.04
Adjusted	\$ 347	\$ 0.27	\$ 319	\$ 0.23
Weighted average shares for adjusted EPS ⁽¹⁾		1,280		1,396
Fully diluted shares at end of period ⁽²⁾		1,283		1,406

(1) Average shares for the calculation of adjusted EPS include 27 million of shares associated with the Series A convertible preferred stock and therefore the related quarterly dividend was excluded.

(2) Represents common shares outstanding at March 31 as well as shares associated with our Series A convertible preferred stock plus dilutive potential common shares as used for the calculation of diluted earnings per share in the first quarter 2013 and 2012.

GAAP EPS to Adjusted EPS Guidance Track

	Earnings Per Share Guidance	
	Q2 2013	FY 2013
GAAP EPS	\$0.19 - \$0.21	\$0.94 - \$1.00
<u>Adjustments:</u>		
Amortization of intangible assets	0.04	0.15
Adjusted EPS	<u>\$0.23 - \$0.25</u>	<u>\$1.09 - \$1.15</u>

Q1 Adjusted Operating Income/Margin

(in millions)	Three Months Ended March 31, 2013			Three Months Ended March 31, 2012		
	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported pre-tax income	\$ 305	\$ 5,356	5.7%	\$ 313	\$ 5,503	5.7%
Adjustments:						
Amortization of intangible assets	83			82		
Xerox restructuring (credit) charge	(7)			17		
Other expenses, net	15			55		
Adjusted Operating	\$ 396	\$ 5,356	7.4%	\$ 467	\$ 5,503	8.5%
Equity in net income of unconsolidated affiliates	47			40		
Litigation matters	(37)			-		
Fuji Xerox restructuring charge	4			4		
Other expenses, net	(15)			(55)		
Segment Profit/Revenue	\$ 395	\$ 5,356	7.4%	\$ 456	\$ 5,503	8.3%

Q1 Adjusted Other, net

(in millions)	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Other expenses, net - Reported	\$ 15	\$ 55
<u>Adjustments:</u>		
Xerox restructuring credit	(7)	17
Net income attributable to noncontrolling interests	4	7
Other expenses, net - Adjusted	\$ 12	\$ 79

Q1 Adjusted Effective Tax Rate

	Three Months Ended March 31, 2013			Three Months Ended March 31, 2012		
	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
(in millions)						
Reported	\$ 305	\$ 52	17.0%	\$ 313	\$ 77	24.6%
<u>Adjustments:</u>						
Amortization of intangible assets	83	32		82	32	
Adjusted	\$ 388	\$ 84	21.6%	\$ 395	\$ 109	27.6%

Q1 Services Revenue Breakdown

Services Segment:

Three Months Ended March 31,

<u>(in millions)</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Business Processing Outsourcing	\$ 1,805	\$ 1,745	3%
Document Outsourcing	788	780	1%
Information Technology Outsourcing	376	332	13%
Less: Intra-Segment Eliminations	(49)	(36)	36%
Total Revenue - Services	\$ 2,920	\$ 2,821	4%

Note:

- Q1 2012 Business Processing Outsourcing (BPO) and Document Outsourcing (DO) revenues have been restated by \$108M to reflect the transfer of the Communication & Marketing Services (CMS) business from DO to BPO in 2013. The revenue transfer for the remaining periods of 2012 were \$114M for Q2, \$109M for Q3 and \$119M for Q4.
- ITO growth includes 1 pt of growth from intercompany services which is eliminated in total services.

