Forward Looking Statement

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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, including with respect to the proposed separation of the Business Process Outsourcing ("BPO") business from the Document Technology and Document Outsourcing business, the expected timetable for completing the separation, the future financial and operating performance of each business, the strategic and competitive advantages of each business, future opportunities for each business and the expected amount of cost reductions that may be realized in the cost transformation program, 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 the BPO business from the Document Technology and Document Outsourcing business 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 BPO and Document Technology and Document Outsourcing 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 quarters ended March 31, 2016, June 30, 2016 and September 30, 2016 and our 2015 Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”). Such factors also include, but are not limited to, the factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section and other sections of the Conduent Incorporated Form 10 Registration Statement, as amended, filed with the SEC. 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.

The Xerox financial information provided in these slides are preliminary estimates of Xerox’s continuing operations financial results post the classification of Conduent Incorporated as a discontinued operation upon its separation as of December 31, 2016. See Xerox’s Current Report on Form 8-K dated December 7, 2016 filed with the SEC for a reconciliation of these amounts to Xerox reported results.

Non-GAAP Financial Measures

Non-GAAP Financial Measures

"Operating Income/Margin": We calculate and utilize operating income and margin earnings measures by adjusting our pre-tax income and margin amounts to include equity in net income of unconsolidated affiliates and exclude the items noted below:

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 service to the Company (e.g. retirees and ex-employees). These elements include (i) interest cost, (ii) expected return on plan assets, (iii) amortized actuarial gains/losses and (iv) 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. Adjusted operating income/margin will continue to include the elements of our retirement costs related to current employee service (service cost and amortization of prior service cost) as well as the cost of our defined contribution plans.

Restructuring and related costs: Restructuring and related costs include restructuring and asset impairment charges as well as costs associated with our Strategic Transformation program 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 Strategic Transformation program 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.

Separation costs: Separation costs are expenses incurred in connection with Xerox's expected separation into two independent, publicly traded companies. Separation costs are primarily for third-party investment banking, accounting, legal, consulting and other similar types of services related to the separation transaction as well as costs associated with the operational separation of the two companies, such as those related to human resources, brand management, real estate and information management to the extent not capitalized. Separation costs also include the costs associated with bonuses and restricted stock grants awarded to employees for retention through the separation as well as incremental income tax expense related to the reorganization of legal entities and operations in order to effect the legal separation of the Company. These costs are incremental to normal operating charges and are being incurred solely as a result of the separation transaction. Accordingly, we are excluding these expenses from our adjusted earnings measures in order to evaluate our performance on a comparable basis.

Other expense, net: Other expenses, net is primarily comprised of non-financing interest expense and also includes 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.

As noted, Operating Income/Margin also includes equity in net income of unconsolidated affiliates. Equity in net income of affiliates primarily reflects our 25% share of Fuji Xerox net income. We include this amount in our measure of operating income and margin as Fuji Xerox is our primary intermediary to the Asia/Pacific market for the distribution of Xerox products and services.

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.” In 2016 we revised our calculation of the currency impact on revenue growth, or constant currency revenue growth, to include the currency impacts from the developing market countries (Latin America, Brazil, Middle East, India, Eurasia and Central-Eastern Europe), which had been previously excluded from the calculation. As a result of economic changes in these markets over the past few years, we currently manage our exchange risk in our developing market countries in a similar manner to the exchange risk in our developed market countries, and therefore, the exclusion of the developing market countries from the calculation of the currency effect is no longer warranted. 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.

“Free Cash Flow”: To better understand trends in our business, we believe that it is helpful to adjust cash flows from continuing operations to exclude amounts for capital expenditures including internal use software. 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. It is also used to measure our yield on market capitalization.

Management believes that all of these non-GAAP financial measures provide an additional means of analyzing the current period’s results against the corresponding prior period’s 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.

Non-GAAP Financial Measures

Segment / Margin Pro Forma Reconciliation:

(in millions)	Year Ended December 31, 2013			Year Ended December 31, 2014			Year Ended December 31, 2015			Nine Months Ended September 30, 2016		
	Revenue	Profit	Margin	Revenue	Profit	Margin	Revenue	Profit	Margin	Revenue	Profit	Margin
Document Technology Reported	**$ 8,908**	**$ 964**	**10.8%**	**$ 8,358**	**$ 1,149**	**13.7%**	**$ 7,365**	**$ 879**	**11.9%**	**$ 5,017**	**$ 601**	**12.0%**
Adjustments:												
Document Outsourcing	3,318	377		3,366	396		3,265	411		2,423	300	
Document Technology and Document Outsourcing	**$ 12,226**	**$ 1,341**	**11.0%**	**$ 11,724**	**$ 1,545**	**13.2%**	**$ 10,630**	**$ 1,290**	**12.1%**	**$ 7,440**	**$ 901**	**12.1%**
Non-service retirement-related costs	-	203		-	79		-	116		-	112	
Adjusted Pro Forma Basis	**$ 12,226**	**$ 1,544**	**12.6%**	**$ 11,724**	**$ 1,624**	**13.9%**	**$ 10,630**	**$ 1,406**	**13.2%**	**$ 7,440**	**$ 1,013**	**13.6%**

(in millions)	Year Ended December 31, 2010			Year Ended December 31, 2011			Year Ended December 31, 2012		
	Revenue	Profit	Margin	Revenue	Profit	Margin	Revenue	Profit	Margin
Document Technology Reported	**$ 10,349**	**$ 1,085**	**10.5%**	**$ 10,259**	**$ 1,140**	**11.1%**	**$ 9,462**	**$ 1,065**	**11.3%**
Adjustment:									
Document Outsourcing	3,297	256		3,584	331		3,210	375	
Document Technology and Document Outsourcing	**$ 13,646**	**$ 1,341**	**9.8%**	**$ 13,843**	**$ 1,471**	**10.6%**	**$ 12,672**	**$ 1,440**	**11.4%**

Non-GAAP Financial Measures

Operating Income / Margin Reconciliation:

(in millions)	Year Ended December 31, 2014 Pre-tax Income	Year Ended December 31, 2014 Revenue	Year Ended December 31, 2014 Margin	Year Ended December 31, 2015 Pre-tax Income	Year Ended December 31, 2015 Revenue	Year Ended December 31, 2015 Margin	Nine Months Ended September 30, 2016 Pre-tax Income	Nine Months Ended September 30, 2016 Revenue	Nine Months Ended September 30, 2016 Margin
Reported[1]	**$ 1,090**	**$ 12,679**	**8.6%**	**$ 924**	**$ 11,465**	**8.1%**	**$ 348**	**$ 8,037**	**4.3%**
Adjustments:									
Non-service retirement-related costs	79			116			112		
Restructuring and related costs - Xerox	106			27			172		
Amortization of intangible assets	65			60			44		
Separation costs	-			-			41		
Equity in net income of unconsolidated affiliates	160			135			98		
Other expenses, net	186			195			143		
Adjusted Operating Income / Margin	**$ 1,686**	**$ 12,679**	**13.3%**	**$ 1,457**	**$ 11,465**	**12.7%**	**$ 958**	**$ 8,037**	**11.9%**

[1] Xerox post separation pre-tax income and revenue from continuing operations.

Non-GAAP Financial Measures

Free Cash Flow

(in millions)	Year Ended December 31, 2014	Year Ended December 31, 2015	Nine Months Ended September 30, 2016
Cash Flow from Operations[(1)]	**$ 1,291**	**$ 1,055**	**$ 545**
Less: CAPEX (includes internal use software)	(176)	(148)	(99)
Free Cash Flow	**$ 1,115**	**$ 907**	**$ 446**

[(1)] Xerox post separation cash flow from continuing operations.