Third Quarter 2016

Earnings Presentation

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October 28, 2016

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, 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 and June 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.

New Path Forward Progress

CONDUENT

- High non-investment grade credit rating anticipated, in-line with management expectations
- Appointed majority of directors and executive officers
  - Brian Webb-Walsh to serve as CFO
- To be listed on the NYSE under "CNDT" symbol
- Filed Form 10 amendments with pro-forma capitalization and historical financials
- Unveiled new global brand identity
- Investor event and equity roadshow planned for early December

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- Investment grade rating, in-line with management expectations
- Operational separation well on track with strong infrastructure support
- Will continue to trade on the NYSE as "XRX"
- Leaner, more focused operating model being enabled through strategic transformation
- Investor event and equity roadshow planned for early December

On track to achieve strategic transformation targets and complete separation by year-end 2016

Third-Quarter Overview

EPS middle of guidance range

Strategic transformation benefitting profitability

Strong cash generation

Note: Prior year reported results included the Health Enterprise related charge of $389M (including a $116M reduction to revenue). Where appropriate, the impact of this charge has been excluded when making comparisons of the current quarter's results against the prior year.

EPS: GAAP[1] 17 cents, up 21 cents YOY; adjusted[2] 27 cents, flat YOY

Revenue: $4.2B down 3%; 4% adjusted CC[2]

Services: revenue up 1%; down 2% adjusted CC[2]; margin 9.4%

- Growth continues in Document Outsourcing (DO), Business Process Outsourcing (BPO) revenue declined
- Strong margin performance: up 160 bps YOY on an adjusted basis[2]

Document Technology: revenue down 9% or 7% CC[2]; margin 13.1%

- Revenue within FY target of down 5 to 7% CC[2]
- Good progress on margin: up 50 bps sequentially and in middle of full-year range, down 80 bps YOY

Operating margin[2]: 9.2%, down 20 bps YOY

Operating cash flow: $370M, up $99M YOY

[1]GAAP EPS from Continuing Operations

[2]Adjusted EPS, Constant Currency (CC) and Operating Margin: see Non-GAAP Financial Measures

Earnings

(in millions, except per share data)	Q3 2016	B/(W) YOY
Revenue	$ 4,212	$ (237)
Adjusted Gross Margin[1]	31.3%	0.1 pt
Adjusted RD&E[1]	$ 119	$ 10
Adjusted SAG[1]	$ 813	$ 28
Adjusted Operating Income[1]	**$ 388**	**$ (28)**
Operating Income % of Revenue	9.2%	(0.2) pts
Adjusted Other, net[1]	$ 59	$ 17
Equity Income	$ 39	$ (1)
Adjusted Tax Rate[1]	25.3%	1.8 pts
Adjusted Net Income – Xerox[1]	**$ 286**	**$ (3)**
Adjusted EPS[1] (Guidance range $0.26 - $0.28)	**$ 0.27**	**Flat**
GAAP EPS[2]	**$ 0.17**	**$ 0.21**

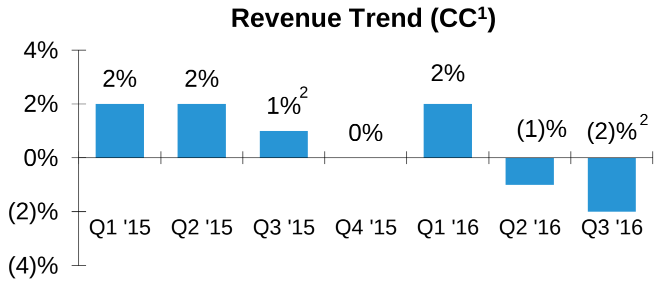
Note: YOY compares are against 2015 adjusted results that exclude the Q3 2015 Health Enterprise (HE) charge
[1]Adjusted Measures: see Non-GAAP Financial Measures
[2]GAAP EPS from Continuing Operations

Services Segment

(in millions)	Q3 2016	Adj[2] % B/(W) YOY Act Cur	CC[1]
Total Revenue	$2,398	(3)%	(2)%
Segment Profit	$226	17%	
Segment Margin	9.4%	1.6 pts	

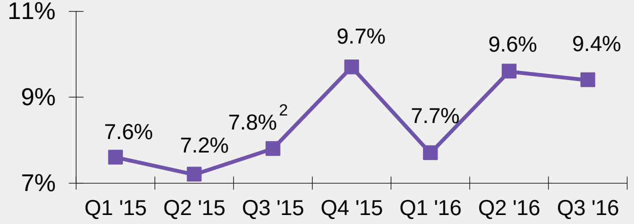
Revenue

- DO down 1%, up 1% CC[1]
- BPO down 4%[2]
- BPO/DO renewal rate of 86%



Margin

- Strong segment profit growth of 17%
- Margin up 160 bps YOY with broad based margin improvement in BPO



Contract Signings CC[1]

- Strong TCV renewals, up 61% YOY, drive signings growth
- New Business TCV down 15% YOY

	Q3	YOY Growth	TTM Growth
BPO	$1.5	15%	8%
DO	$0.7	21%	3%
Total	**$2.2B**	**17%**	**6%**

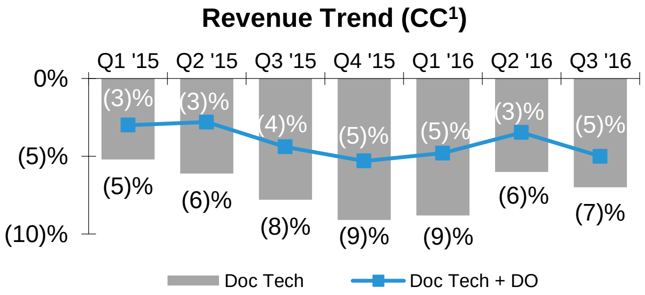
[1]Constant currency (CC): see Non-GAAP Financial Measures
[2]Adjusted for the Q3 2015 Health Enterprise charge
Note: BPO results are not equivalent to Conduent results in the carve-out financials

Document Technology Segment

(in millions)	Q3 2016	% B/(W) YOY Act Cur	CC[1]
Total Revenue	$1,626	(9)%	(7)%
Segment Profit	$213	(14)%	
Segment Margin	13.1%	(0.8) pts	

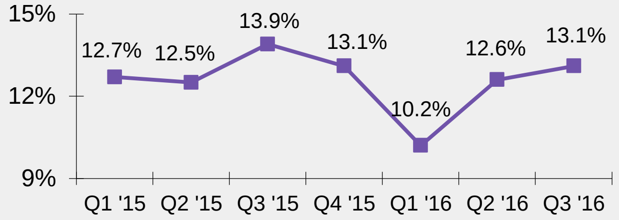
Revenue

- Printing revenue down 5% at CC[1] including Document Outsourcing
- Equipment share leader for 27 straight quarters



Margin

- Continued progress on margin, up 50 bps sequentially, reflecting cost and productivity benefits



Equipment Installs[2,3]

- Growth across all color product categories
- High-end performance reflects positive impact following drupa trade show

	Color	B&W
High-End	6%	(1)%
Mid-Range	7%	(25)%
Entry A4 MFDs	16%	(12)%

[1]Constant currency (CC): see Non-GAAP Financial Measures
[2]High-end installs exclude digital front-end sales
[3]Entry installs exclude OEM sales, including OEM sales Color A4 MFDs up 4%, B&W A4 up 6%

Cash Flow

Operating cash flow generation of $370M; strong ending cash balance

(in millions)	Q3 2016
Net Income	$ 184
Depreciation and amortization	275
Restructuring and asset impairment charges	13
Restructuring payments	(55)
Contributions to defined benefit pension plans	(35)
Inventories	(12)
Accounts receivable and Billed portion of finance receivables[1]	14
Accounts payable and Accrued compensation	(60)
Equipment on operating leases	(74)
Finance receivables[1]	58
Other	62
Cash from Operations	**$ 370**
Cash from Investing	**$ (69)**
Cash from Financing	**$ (84)**
Change in Cash and Cash Equivalents	220
Ending Cash and Cash Equivalents	**$ 1,423**

[1]Accounts receivable includes collections of deferred proceeds from sales of receivables and finance receivables includes collections on beneficial interest from sales of finance receivables

Operating Cash Flow of $370M, up $99M YOY

- Includes $60M of HE settlement payments and separation payments

Solid working capital performance, better $22M YOY

CAPEX $73M

Common Stock Dividends $79M

Capital Structure and Allocation

Solid capital structure and cash flow generation support shareholder returns

Financing and Leverage

- Value proposition includes leasing of Xerox equipment
- Maintain 7:1 debt to equity leverage ratio on these finance assets

	Q3 2016	
(in billions)	Fin. Assets	Debt
Financing	$ 4.3	$ 3.8
Core	-	3.6
Total Xerox	$ 4.3	$ 7.4

Core debt level managed to maintain investment grade rating

Over half of Xerox debt supports finance assets

Capital Allocation

- Over 10% average annual dividend increase over the past 3 years
- More than 70% of Free Cash Flow returned to shareholders through share repurchase and dividends since 2011
- Shares outstanding down ~350M since 2011

2016 Guidance

		2016
Revenue Growth @ CC[1]		Down 2 - 4%
Services	Revenue Growth @ CC[1]	Flat to down 1%
	Segment Margin	8% - 9.5% (high-end)
Document Technology	Revenue Growth @ CC[1]	Down 5 - 7%
	Segment Margin	12% - 14%
GAAP EPS[2]		$0.45 - $0.48
Adjusted EPS[1]		$1.11 - $1.14
Operating Cash Flow (OCF)		$950M - $1.2B
CAPEX		~$350M
Free Cash Flow[1] (FCF)		$600M - $850M

Narrowing full-year earnings range and maintaining cash flow guidance

Capital Allocation guidance

- Dividends: ~$350M
- Acquisitions: $30M - $50M
- Balance of FCF to optimize capital structures of new companies
- As previously communicated, no share repurchase planned

Q4 guidance

- GAAP EPS[2] of $0.11 to $0.14
  - Includes ~$70M of pre-tax restructuring
- Adjusted EPS[1] of $0.32 to $0.35

[1]Constant Currency (CC), Adjusted EPS and Free Cash Flow: see Non-GAAP Financial Measures
[2]GAAP EPS from Continuing Operations

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Summary

Solid third-quarter results

- Earnings in-line with guidance
- Services delivered strong operating profit growth and total signings growth
- Document Technology reported solid margins while maintaining market share leadership
- Strong cash flow; ending cash balance of $1.4B

Confident delivering 2016 commitments

- YTD results support full-year guidance
- Strategic transformation program delivering benefits as expected
- Separation on track for year-end

Appendix

Revenue Trend

(in millions)	2015 Q1	2015 Q2	2015 Q3*	2015 Q4	2015 FY*	2016 Q1	2016 Q2	2016 Q3*	2016 YTD*
Total Revenue	**$4,469**	**$4,590**	**$4,449**	**$4,653**	**$18,161**	**$4,281**	**$4,385**	**$4,212**	**$12,878**
Growth	*(6)%*	*(7)%*	*(7)%*	*(8)%*	*(7)%*	*(4)%*	*(4)%*	*(5)%*	*(5)%*
CC[1] Growth	*(2)%*	*(2)%*	*(3)%*	*(4)%*	*(3)%*	*(3)%*	*(4)%*	*(4)%*	*(3)%*
Annuity	**$3,845**	**$3,871**	**$3,781**	**$3,883**	**$15,380**	**$3,721**	**$3,710**	**$3,599**	**$11,030**
Growth	*(5)%*	*(7)%*	*(7)%*	*(7)%*	*(6)%*	*(3)%*	*(4)%*	*(5)%*	*(4)%*
CC[1] Growth	*(1)%*	*(2)%*	*(2)%*	*(4)%*	*(2)%*	*(2)%*	*(3)%*	*(4)%*	*(3)%*
Annuity % Revenue	**86%**	**84%**	**85%**	**83%**	**85%**	**87%**	**85%**	**85%**	**86%**
Equipment	**$624**	**$719**	**$668**	**$770**	**$2,781**	**$560**	**$675**	**$613**	**$1,848**
Growth	*(13)%*	*(8)%*	*(11)%*	*(10)%*	*(10)%*	*(10)%*	*(6)%*	*(8)%*	*(8)%*
CC[1] Growth	*(7)%*	*(2)%*	*(7)%*	*(6)%*	*(6)%*	*(9)%*	*(5)%*	*(7)%*	*(7)%*

*Adjusted to exclude 3Q15 HE charge, including HE charge:
- 3Q15 reported total revenue was $4,333, down 10% or 5% CC[1]; reported annuity revenue was $3,665, down 9% or 5% CC[1]
- FY15 reported total revenue was $18,045, down 8% or 3% CC[1]; reported annuity revenue was $15,264, down 7% or 3% CC[1]
- 3Q16 total revenue down 3% or 2% CC[1]; annuity revenue down 2% or 1% CC[1]
- Sep YTD 2016 total revenue down 4% or 3% CC[1]; annuity revenue down 3% or 2% CC[1]

[1]Constant currency: see Non-GAAP Financial Measures

Segment Revenue Trend

(in millions)	2015 Q1	2015 Q2	2015 Q3*	2015 Q4	2015 FY*	2016 Q1	2016 Q2	2016 Q3*	2016 YTD*
Services	**$2,467**	**$2,526**	**$2,483**	**$2,602**	**$10,078**	**$2,482**	**$2,470**	**$2,398**	**$7,350**
Growth	*(2)%*	*(2)%*	*(3)%*	*(3)%*	*(3)%*	*1%*	*(2)%*	*(3)%*	*(2)%*
CC[1] Growth	*2%*	*2%*	*1%*	*Flat*	*1%*	*2%*	*(1)%*	*(2)%*	*Flat*
Document Technology	**$1,830**	**$1,880**	**$1,778**	**$1,877**	**$7,365**	**$1,639**	**$1,752**	**$1,626**	**$5,017**
Growth	*(10)%*	*(12)%*	*(12)%*	*(13)%*	*(12)%*	*(10)%*	*(7)%*	*(9)%*	*(9)%*
CC[1] Growth	*(5)%*	*(6)%*	*(8)%*	*(9)%*	*(7)%*	*(9)%*	*(6)%*	*(7)%*	*(7)%*
Other	**$172**	**$184**	**$188**	**$174**	**$718**	**$160**	**$163**	**$188**	**$511**
Growth	*(20)%*	*(20)%*	*(7)%*	*(11)%*	*(15)%*	*(7)%*	*(11)%*	*Flat*	*(6)%*
CC[1] Growth	*(18)%*	*(18)%*	*(3)%*	*(9)%*	*(12)%*	*(4)%*	*(10)%*	*1%*	*(4)%*

* Adjusted to exclude 3Q15 HE charge, including HE charge:
- 3Q15 reported Services revenue was $2,367, down 8% or 4% CC[1]
- FY15 reported Services revenue was $9,962, down 4% or flat CC[1]
- 3Q16 Services up 1% or 3% CC[1]; Sep YTD 2016 flat or up 1% CC[1]

[1]Constant currency: see Non-GAAP Financial Measures

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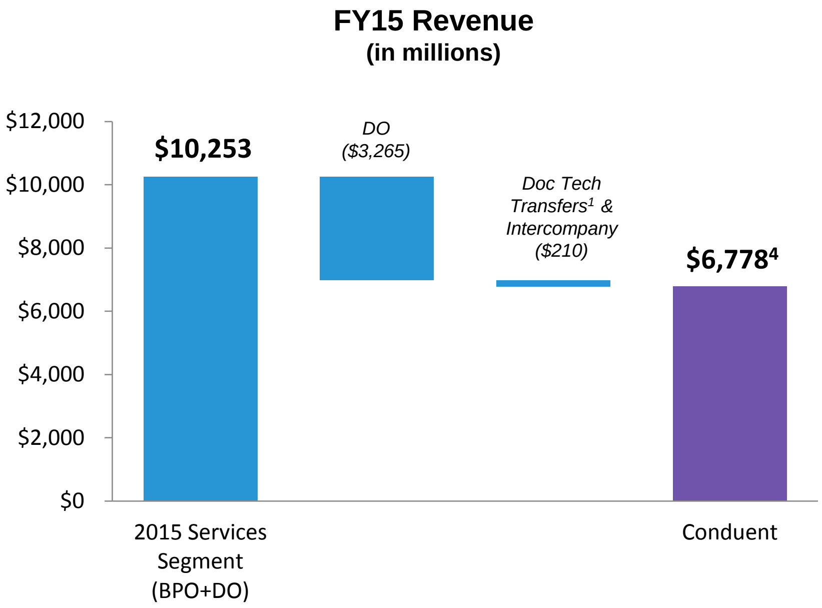
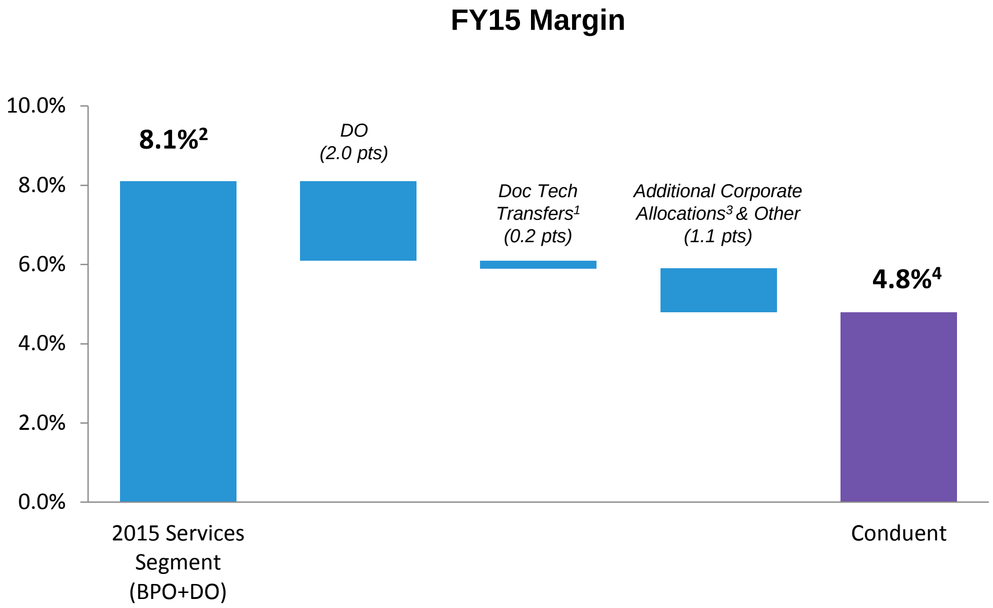
Services Segment to Conduent Walk





Note: Figures exclude HE charge

[1]Doc Tech Transfers include a portion of Communication & Marketing Services (CMS) & Document Transaction Processing Services (DTPS), which will become part of new Xerox, partially offset by intercompany revenue of $53M, which will be recognized at Conduent.

[2]2015 Services segment profits include $87M of corporate allocations for Conduent.

[3]Includes an additional $83M of corporate costs to get to a full allocation* of corporate costs to Conduent.

[4]As reported in Conduent Form 10 filed June 30, 2016.

*Determined based on carve-out specific rules for the purposes of Conduent's U.S. GAAP financial statements

Non-GAAP Financial Measures

Non-GAAP Financial Measures

NOTE: In 2016 we revised our calculation of Adjusted Earnings Measures to exclude the following items in addition to the amortization of intangibles:

- Restructuring and related costs including those related to Fuji Xerox
- The non-service related elements of our defined benefit pension and retiree health plan costs (retirement related)
- Separation costs

Prior year amounts were revised accordingly to reflect these changes.

"Adjusted Revenue, Costs and Expenses, and Margin": As previously discussed, during the third quarter 2015 we recorded a pre-tax charge (HE charge) of $389 million, which included a $116 million reduction to revenues. As a result of the significant impact of the HE charge on our reported revenues, costs and expenses as well as key metrics for the prior year period, we also discussed our results using non-GAAP measures which exclude the impact of the HE charge. In addition to the magnitude of the charge and its impact on our prior-year reported results, we excluded the HE charge due to the fact that it was primarily a unique charge associated with the conclusion, reached after a series of discussions, that fully completing our HE platform implementations in California and Montana was no longer considered probable. This adjustment was in addition to the adjustments noted below.

"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 certain items as well as their related income tax effects.

- Net income and Earnings per share (EPS)
- Effective tax rate
- Gross margin, RD&E and SAG (adjusted for non-service retirement related costs only)

The above measures were adjusted for the following items:

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-GAAP Financial Measures

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.

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) 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 earnings 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.

Separation costs: Separation costs are expenses incurred in connection with Xerox's planned 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.

Non-GAAP Financial Measures

"Operating Income/Margin": We also calculate and utilize operating income and margin earnings measures by adjusting our pre-tax income and margin amounts to exclude certain items. In addition to the costs noted for our Adjusted Earnings measures, operating income and margin also exclude other expenses, 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.

"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 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.

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Q3 GAAP EPS to Adjusted EPS Track

(in millions, except per share amounts)	Three Months Ended September 30, 2016 Net Income	Three Months Ended September 30, 2016 Diluted EPS	Three Months Ended September 30, 2015 Net (Loss) Income	Three Months Ended September 30, 2015 Diluted EPS
As Reported [1]	$ 181	**$ 0.17**	$ (31)	**$ (0.04)**
Amortization of intangible assets	77		77	
HE charge	-		389	
Restructuring and related costs - Xerox	32		20	
Non-service retirement related costs	34		30	
Separation costs	39		-	
Income tax on adjustments [2]	(77)		(198)	
Tax related separation costs [2]	(2)		-	
Restructuring charges - Fuji Xerox	2		2	
Adjusted - revised	$ 286	**$ 0.27**	$ 289	**$ 0.27**
Weighted average shares - adjusted EPS [3]		1,052		1,078
Fully diluted shares at end of period [4]		1,052		

(1) Net Income (Loss) and EPS from continuing operations attributable to Xerox.

(2) Refer to Effective Tax Rate reconciliation.

(3) Average shares for the calculations of adjusted EPS include 27 million of shares associated with our Series A convertible preferred stock and therefore the related quarterly dividend of $6 million was excluded.

(4) Represents common shares outstanding at September 30, 2016 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 for the third quarter 2016.

GAAP EPS to Adjusted EPS Guidance Track

	Earnings Per Share	
	Q4 2016	FY 2016
GAAP EPS from Continuing Operations	**$0.11 - $0.14**	**$0.45 - $0.48**
Non-GAAP Adjustments	0.21	0.66
Adjusted EPS	**$0.32 - $0.35**	**$1.11 - $1.14**

Note: Adjusted EPS guidance excludes amortization of intangible assets, restructuring and related costs, non-service retirement related costs and separation costs.

Q3 Adjusted Operating Income/Margin

(in millions)	Three Months Ended September 30, 2016 Profit	Revenue	Margin	Three Months Ended September 30, 2015 (Loss) Profit	Revenue	Margin
Reported Pre-tax Income (Loss)[1]	**$ 150**	**$ 4,212**	**3.6%**	**$ (173)**	**$ 4,333**	**(4.0)%**
Adjustments:						
Amortization of intangible assets	77			77		
Restructuring and related costs - Xerox	32			20		
HE charge	-			389	116	
Non-service retirement-related costs	34			30		
Separation costs	39			-		
Other expenses, net	56			73		
Adjusted Operating Income / Margin	**$ 388**	**$ 4,212**	**9.2%**	**$ 416**	**$ 4,449**	**9.4%**

(1) Profit (Loss) and revenue from continuing operations.

Q3 Adjusted Other, Net

(in millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
Other expenses, net - Reported	**$ 56**	**$ 73**
Adjustments:		
Net income attributable to noncontrolling interests	3	3
Other expenses, net - Adjusted	**$ 59**	**$ 76**

Q3 Adjusted Effective Tax Rate

(in millions)	Three Months Ended September 30, 2016 Pre-Tax Income	Three Months Ended September 30, 2016 Income Tax Expense	Three Months Ended September 30, 2016 Effective Tax Rate	Three Months Ended September 30, 2015 Pre-Tax (Loss) Income	Three Months Ended September 30, 2015 Income Tax (Benefit) Expense	Three Months Ended September 30, 2015 Effective Tax Rate
Reported (1)	**$ 150**	**$ 5**	**3.3%**	**$ (173)**	**$ (105)**	**60.7%**
Non-GAAP Adjustments (2)	182	77		516	198	
Tax related separation costs	-	2		-	-	
Adjusted - revised (3)	**$ 332**	**$ 84**	**25.3%**	**$ 343**	**$ 93**	**27.1%**

(1) Pre-Tax Income (Loss) and Income Tax Expense (Benefit) from continuing operations.
(2) Refer to Net Income (Loss)/EPS reconciliation for details. Amounts exclude Fuji Xerox restructuring as these amounts are net of tax.
(3) The tax impact on Adjusted Pre-Tax Income from continuing operations is calculated under the same accounting principles applied to the As Reported Pre-Tax Income under ASC 740, which employs an annual effective tax rate method to the results.

Q3 Services Revenue Breakdown

(in millions)	Three Months Ended September 30, 2016		Three Months Ended September 30, 2015		% Change	CC % Change
Business Process Outsourcing	$	1,607	$	1,566	3%	4%
Document Outsourcing		791		801	(1%)	1%
Total Revenue - Services	**$**	**2,398**	**$**	**2,367**	1%	3%
As Adjusted:						
Business Process Outsourcing	$	1,607	$	1,682	(4%)	(4%)
Total Revenue - Services	$	2,398	$	2,483	(3%)	(2%)

Note: The above table excludes intercompany revenue.

Q3 Adjusted Key Financial Ratios

	Three Months Ended September 30,					
	2016	2015	B/(W)	2016 Adjusted[1]	2015 Adjusted[1]	Adjusted[1] B/(W)
Total Gross Margin	31.0%	22.8%	8.2 pts.	31.3%	31.2%	0.1 pts.
RD&E as a % of Revenue	3.0%	3.1%	0.1 pts.	2.8%	2.9%	0.1 pts.
SAG as a % of Revenue	19.6%	19.7%	0.1 pts.	19.3%	18.9%	(0.4) pts.

(1) Adjusted for non-service retirement related costs and the 3Q15 HE charge.

Q3 Gross Margin, RD&E and SAG Reconciliation

	Three Months Ended September 30, 2016													
							Three Months Ended September 30, 2015							
(in millions)	As Reported[1]		Non-service retirement-related costs		Adjusted		As Reported[1]		HE Charge		Non-service retirement-related costs		Adjusted	
Revenue	$	4,212	$	-	$	4,212	$	4,333	$	116	$	-	$	4,449
Gross Profit		1,307		13		1,320		987		389		10		1,386
RD&E		126		(7)		119		135				(6)		129
SAG		827		(14)		813		855				(14)		841
Gross Margin		31.0%				31.3%		22.8%						31.2%
RD&E as % of Revenue		3.0%				2.8%		3.1%						2.9%
SAG as % of Revenue		19.6%				19.3%		19.7%						18.9%

(1) Revenue and costs from continuing operations.

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Q3 2015 Adjusted Total Revenue/Margin

(in millions)	Total Revenue	Annuity Revenue	Outsourcing, Maintenance and Rentals Revenue	Total Segment (Loss) Profit[2]	Total Segment Margin[2]
	Three Months Ended September 30, 2015				
Reported[1]	**$ 4,333**	**$ 3,665**	**$ 3,098**	**$ (3)**	**(0.1)%**
Adjustment:					
HE Charge	116	116	116	389	
Adjusted	**$ 4,449**	**$ 3,781**	**$ 3,214**	**$ 386**	**8.7%**

(1) Revenue from continuing operations.

(2) Revised to exclude non-service retirement-related costs.

Q3 2015 Adjusted Services Segment

	Three Months Ended September 30, 2015[1]					
(in millions)	Annuity Revenue	BPO Revenue	Segment Revenue	% of Total Revenue	Segment (Loss) Profit[3]	Segment Margin[3]
Reported[2]	**$ 2,250**	**$ 1,566**	**$ 2,367**	**55%**	**$ (196)**	**(8.3%)**
Adjustment:						
HE Charge	116	116	116		389	
Adjusted	**$ 2,366**	**$ 1,682**	**$ 2,483**	**56%**	**$ 193**	**7.8%**

(1) Revised to reflect the transfer of the Education/Student Loan business from the Services segment to Other.

(2) Revenue from continuing operations.

(3) Revised to exclude non-service retirement-related costs.