Fourth-Quarter 2012 Earnings Presentation

Ursula Burns
Chairman & CEO

Luca Maestri
Chief Financial Officer

January 24, 2013

xerox ®

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; our ability to expand equipment placements; the risk that subcontractors, software vendors and utility and network providers will not perform in a timely, quality manner; 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; our ability to recover capital investments; development of new products and services; our ability to protect our intellectual property rights; interest rates, cost of borrowing and access to credit markets; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term; 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 Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012 and our 2011 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.

Executing on our Strategy

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

Fourth-Quarter Overview

Adjusted EPS[1] of $0.30, GAAP EPS of $0.26

- Operating margin of 10.3%, up 30 bps YOY
- Includes restructuring of $93 million

Strong Services growth with good progress on margins

- Services revenue growth of 7%
- Margin improved to 11.2%

Performance trends in Document Technology continue

- Revenue remains pressured, down 8%
- Margin of 12.3%, above target range, reflects continued focus on cost and expense

Seasonally strong cash flow

- Cash from Operations of $1.8B Q4 and $2.6B FY
- Share repurchase of $334M in Q4 and $1.05B FY

Constant currency (CC): see slide 20 for explanation of non-GAAP measures

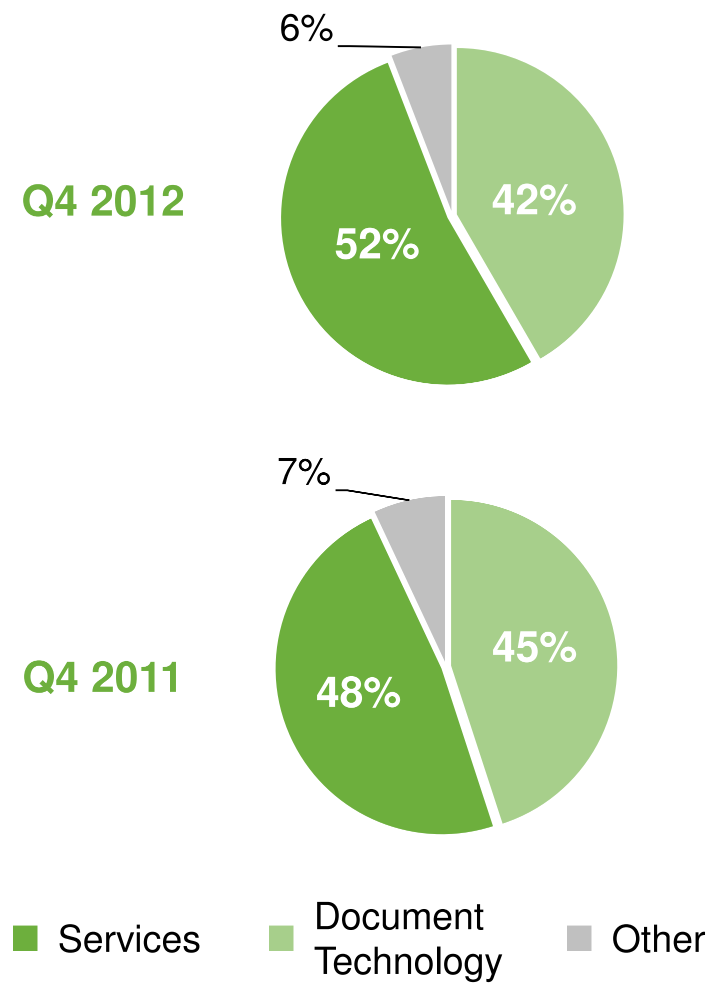
[1]Adjusted EPS, operating margin: see slide 20 for explanation of non-GAAP measures

xerox ®

Revenue

(in millions)	2012 Q4
Total Revenue	$5,923
Growth	*(1)%*
CC Growth	*Flat*
Annuity	$ 4,909
Growth	*2%*
CC Growth	*3%*
Annuity % of Revenue	***83%***
Equipment	$ 1,014
Growth	*(13)%*
CC Growth	*(13)%*

Segment Contribution



Constant currency (CC): see slide 20 for explanation of non-GAAP measures

Annuity revenue represents service, outsourcing and rentals, supplies, paper and other sales and finance income

Earnings

(in millions, except per share data)

	Q4 2012	FY 2012	Comments
Revenue	$ 5,923	$ 22,390	Q4 and FY revenue flat at constant currency
Gross Margin	31.5%	31.4%	
RD&E	$ 160	$ 655	Continued benefits from restructuring and productivity actions
SAG	$ 1,094	$ 4,288	
SAG % of Revenue	*18.5%*	*19.2%*	
Adjusted Operating Income[1]	**$ 613**	**$ 2,085**	
Operating Income % of Revenue	*10.3%*	*9.3%*	Up 30 bps YOY in Q4, down 50 bps YOY FY
Restructuring	$ 93	$ 153	Higher YOY by $32M in Q4, $120M FY
Adjusted Other, net[1]	$ 79	$ 284	
Equity Income	$ 47	$ 152	
Adjusted Tax Rate[1]	23%	24%	
Adjusted Net Income – Xerox[1]	**$ 386**	**$ 1,398**	
Adjusted EPS[1]	**$ 0.30**	**$ 1.03**	Q4 decline due to $32M higher restructuring and $107M prior year pension curtailment gain
Amortization of intangible assets	0.04	0.15	
GAAP EPS	**$ 0.26**	**$ 0.88**	

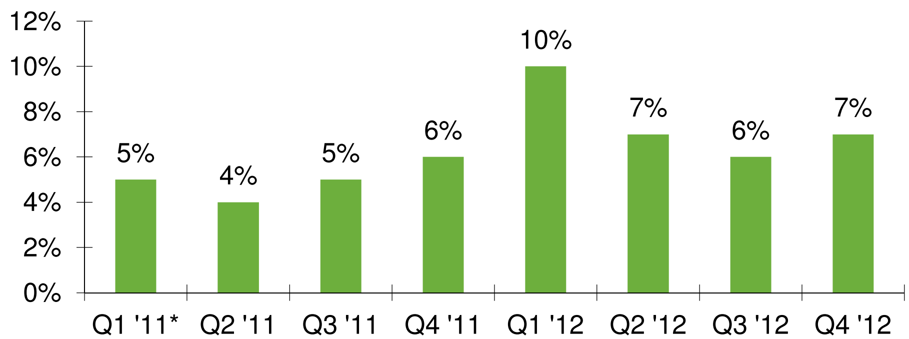
[1]Adjusted Operating Income, Adjusted Other, net, Adjusted Tax Rate, Adjusted Net Income – Xerox and Adjusted EPS: see slide 20 for explanation of non-GAAP measures

xerox ®

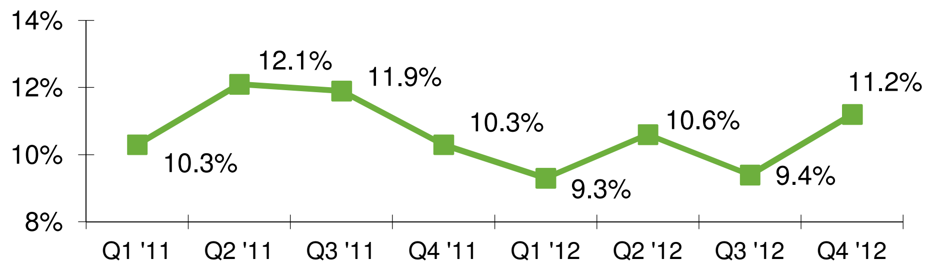
Services Segment

(in millions)	Q4 2012	% B/(W) YOY Act Cur	% B/(W) YOY CC
Total Revenue	$3,054	7%	7%
Segment Profit	$343	16%	
Segment Margin	11.2%	0.9 pts	

Revenue Growth Trend (CC)



Segment Margin Trend



- Continued solid revenue growth
  - BPO up 8%
  - DO up 2%
  - ITO up 15%
- Revenue mix: 56% BPO, 32% DO and 12% ITO
- Segment margin improves, up 90 bps YOY and 180 bps sequentially
  - Sequential improvement mainly due to restructuring and DO seasonality
  - YOY increase driven by improvement in DO and most BPO areas
- BPO/ITO renewal rate of 79%
  - FY renewal rate of 85%, five points higher YOY

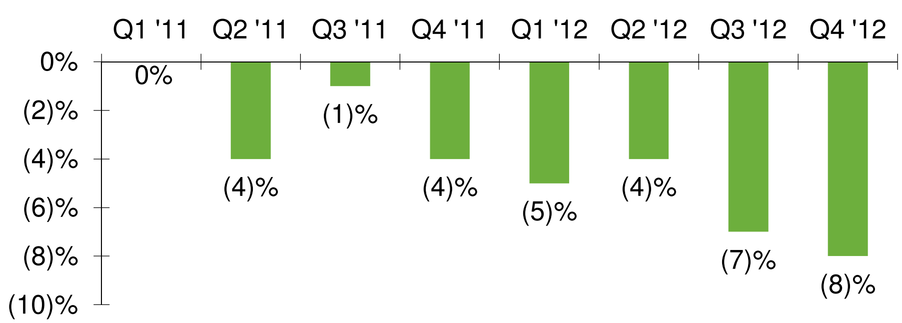
Constant currency (CC): see slide 20 for explanation of non-GAAP measures

* Q1 '11 revenue growth is on a pro forma basis, see slide 20 for explanation of non-GAAP measures

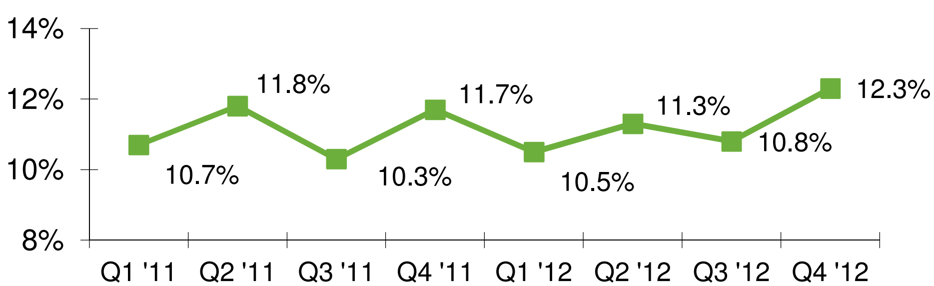
Document Technology Segment

(in millions)	Q4 2012	% B/(W) YOY Act Cur	CC
Total Revenue	$2,495	(8)%	(8)%
Segment Profit	$307	(3)%	
Segment Margin	12.3%	0.6 pts	

Revenue Growth Trend (CC)



Segment Margin Trend



- Total Revenue decline of 8%
  - Declines driven by equipment sales down 14%; continues to reflect market environment
- Revenue mix: 58% Mid-Range, 21% Entry and 21% High-End
- Including document outsourcing, revenue declined 5% CC
  - Down 3% FY CC
- 2013 opportunities include new product launches, currency and easier compares in Europe
- Segment margin improves YOY
  - Includes gain of $21M associated with finance receivables sale

Constant currency (CC): see slide 20 for explanation of non-GAAP measures

Key Metrics

Signings and Renewal Rate

	Q4	FY
Business Process Outsourcing	$1.4	$6.1
Information Technology Outsourcing	$0.4	$1.5
Document Outsourcing	$1.1	$3.3
Total	**$2.9B**	**$10.9B**
Signings Growth TTM	(25)%	(25)%

	Q4	FY
Renewal Rate (BPO and ITO)	79%	85%

Total signings impacted by shorter contract lengths, fewer mega deals and some decision delays

- Highest ARR* signings quarter of the year
- Added over $2B in new business in 2012

Install, MIF and Page Growth

	Q4	FY
Entry Installs		
A4 Mono MFDs	24%	23%
A4 Color MFDs	34%	39%
Color Printers	(28)%	(7)%
Mid-Range Installs		
Mid-Range B&W MFDs	(19)%	(10)%
Mid-Range Color MFDs	(13)%	(2)%
High-End Installs		
High-End B&W	(36)%	(26)%
High-End Color	15%	34%

	Q4	FY
Digital MIF	4%	3%
Color MIF	14%	14%
Digital Pages	(3)%	(2)%
Color Pages	7%	9%
Color Revenue (CC)	(7)%	(4)%

*ARR = Annual Recurring Revenue

Installs, color revenue, pages and MIF include both the Document Technology and Services segments. Color revenue and color pages reflect revenue and pages from color capable devices.

Cash Flow

(in millions)	Q4 2012	FY 2012
Net Income	$ 343	$ 1,223
Depreciation and amortization	336	1,301
Restructuring and asset impairment charges	93	153
Restructuring payments	(31)	(144)
Contributions to defined benefit pension plans	(54)	(364)
Inventories	128	-
Accounts receivable and Billed portion of finance receivables*	365	(306)
Accounts payable and Accrued compensation	350	120
Equipment on operating leases	(76)	(276)
Finance Receivables	260	947
Other	59	(74)
Cash from Operations	**$ 1,773**	**$ 2,580**
Cash from Investing	**$ (160)**	**$ (761)**
Cash from Financing	**$ (1,250)**	**$ (1,472)**
Change in Cash and Cash Equivalents	364	344
Ending Cash and Cash Equivalents	**$ 1,246**	**$ 1,246**

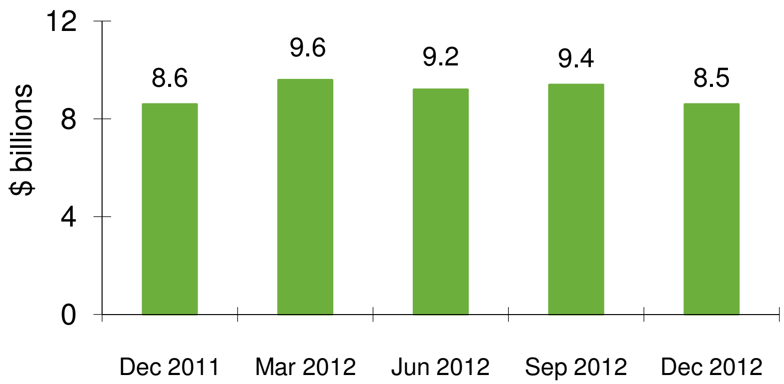
Cash Flow Analysis

- Generated $1.8B in Q4 and $2.6B in FY helped by a net benefit from finance receivables sale of $269M in Q4
- CAPEX of $513M FY, in line
- Share repurchase of $1.05B
  - 114M, 9% net reduction in common shares outstanding
- Ending cash balance of $1.25B, $344M higher YOY
- Expect $2.1 - $2.4B Cash from Operations in 2013
  - Reduced pension contribution, lower benefit from finance receivables

*Accounts Receivables includes collections of deferred proceeds from sales of receivables

Balance Sheet and Capital Allocation

Debt Trend



2013 Guidance

(in billions)	2012	2013 Guidance
Cash from Ops	**$2.6**	**$2.1 - $2.4**
CAPEX	$(0.5)	$(0.5)
Free Cash Flow[1]	**$2.1**	**$1.6 - $1.9**
Share Repurchase	$1.05	>$0.4
Acquisitions	$0.3	<$0.5
Dividends	$0.25	$0.3
Debt Reduction	$0.1	>$0.4
Change in Cash	$0.3	

Financing

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

Q4 2012

(in billions)	Fin. Assets	Debt
Financing	$5.8	$ 5.1
Core	-	$ 3.4
Total Xerox	$ 5.8	$ 8.5

Key Messages

- Strong Q4 cash flow resulted in higher cash balance and slightly lower debt entering 2013
- Well positioned to repay $400M senior note coming due in May
- Reaffirm cash and capital allocation guidance provided at November Investor Conference

[1]Free Cash Flow: see slide 20 for explanation of non-GAAP measures

Summary

Solid results in Services, expect trend to continue

- Consistent Services revenue growth driven by recurring contracts
- Expect modest margin improvement in 2013

Document Technology revenue pressure remains, margins strong

- Planning for continued weak macro environment in 2013
- Focused on profitability, opportunities for equipment sale revenue improvement

Strong 2012 cash flow provides flexibility entering 2013

- Continue to expect $2.1 - $2.4B cash from operations
- Balanced capital allocation

EPS guidance

- Q1 Adjusted EPS $0.23 - $0.25, GAAP EPS $0.19 - $0.21
- FY Adjusted EPS $1.09 - $1.15, GAAP EPS $0.94 - $1.00

*Guidance - Adjusted EPS and Constant currency (CC): see slide 20 for explanation of non-GAAP measures

Q&A

Executing on our Strategy

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

Appendix

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	$(0.5)
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
[1]Adjusted for amortization of intangible assets
Constant Currency (CC): see slide 20 for explanation of non-GAAP measures

Revenue

(in millions)	2009 FY	2010 FY	2010 Pro-forma	2011 FY	2011 Pro-forma	2012 Q1	2012 Q2	2012 *Q3*	2012 *Q4*	2012 *FY*
Total Revenue	$ 15,179	$ 21,633		$ 22,626		$5,503	$5,541	*$5,423*	*$5,923*	*$22,390*
Growth	*(14%)*	*43%*	*3%*	*5%*	*2%*	*1%*	*(1)%*	*(3)%*	*(1)%*	*(1)%*
CC Growth	*(11%)*	*43%*	*3%*	*3%*	*Flat*	*2%*	*1%*	*(1)%*	*Flat*	*Flat*
Annuity	$ 11,629	$ 17,776		$ 18,770		$ 4,692	$ 4,695	*$ 4,618*	*$4,909*	*$18,914*
Growth	*(10%)*	*53%*	*1%*	*6%*	*2%*	*1%*	*Flat*	*(1)%*	*2%*	*1%*
CC Growth	*(7%)*	*54%*	*2%*	*4%*	*1%*	*2%*	*2%*	*2%*	*3%*	*2%*
Annuity % Revenue	77%	82%		83%		85%	85%	85%	83%	84%
Equipment	$ 3,550	$ 3,857		$ 3,856		$ 811	$ 846	*$ 805*	*$1,014*	*$3,476*
Growth	*(24%)*	*9%*	*9%*	*Flat*	*Flat*	*(2)%*	*(9)%*	*(14)%*	*(13)%*	*(10)%*
CC Growth	*(23%)*	*10%*	*10%*	*(1)%*	*(1)%*	*(1)%*	*(6)%*	*(12)%*	*(13)%*	*(8)%*

Note: Pro-forma revenue growth adjusts 2009 and 2010 results to include ACS historical results for the comparable periods.

Constant currency: see slide 20 for explanation of non-GAAP measures

Segment Revenue Trend

(in millions)	2010 FY	2010 Pro-forma	2011 FY	2011 Pro-forma	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2012 FY
Services	$ 9,637		$10,837		$2,821	$2,806	$2,847	$3,054	$11,528
Growth	*nm*	*3%*	*12%*	*6%*	*9%*	*5%*	*5%*	*7%*	*6%*
CC Growth	*nm*	*3%*	*11%*	*5%*	*10%*	*7%*	*6%*	*7%*	*7%*
Document Technology	$ 10,349		$ 10,259		$ 2,338	$2,370	$2,259	$2,495	$9,462
Growth	*3%*	*3%*	*(1)%*	*(1)%*	*(6)%*	*(7)%*	*(10)%*	*(8)%*	*(8)%*
CC Growth	*3%*	*3%*	*(3)%*	*(3)%*	*(5)%*	*(4)%*	*(7)%*	*(8)%*	*(6)%*
Other	$ 1,647		$ 1,530		$ 344	$365	$317	$374	$1,400
Growth	*1%*	*1%*	*(7)%*	*(7)%*	*(11)%*	*(6)%*	*(13)%*	*(4)%*	*(8)%*
CC Growth	*1%*	*1%*	*(9)%*	*(9)%*	*(10)%*	*(4)%*	*(11)%*	*(3)%*	*(7)%*

Note: Pro-forma revenue growth adjusts 2009 and 2010 results to include ACS historical results for the comparable periods.

Constant currency: see slide 20 for explanation of non-GAAP measures

Non-GAAP Measures

Non-GAAP Financial Measures

"Adjusted Earnings Measures": To better understand the trends in our business and the impact of the ACS acquisition, 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 2012 and 2011 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 intangibles, operating income and margin also exclude Other expenses, net as well as Restructuring and asset impairment charges. The fourth quarter and full year 2011 operating income and margin also exclude a curtailment gain recorded in the fourth quarter of 2011. 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. The curtailment gain resulted from the amendment of our primary non-union U.S. defined benefit pension plans for salaried employees to fully freeze future benefits and service accruals after December 31, 2012. 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 and 2010 revenue growth by comparing revenue in those years 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). For comparison of our 2010 revenues to 2009, we added ACS's 2009 estimated revenues for the period February 6 through December 31, 2009 to our reported 2009 results (pro-forma 2009). We refer to the comparisons against these adjusted 2010 and 2009 revenue amounts 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.

xerox®

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.

"Free Cash Flow": To better understand the 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 also is used to measure our yield on market capitalization.

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.

Q4 and FY GAAP EPS to Adjusted EPS Track

	Three Months Ended December 31, 2012		Three Months Ended December 31, 2011	
(in millions; except per share amounts)	Net Income	EPS	Net Income	EPS
Reported	**$ 335**	**$ 0.26**	**$ 375**	**$ 0.26**
Adjustments:				
Amortization of intangible assets	51	0.04	87	0.07
Adjusted	**$ 386**	**$ 0.30**	**$ 462**	**$ 0.33**
Weighted average shares for adjusted EPS(1)		1,296		1,415

	Year Ended December 31, 2012		Year Ended December 31, 2011	
(in millions; except per share amounts)	Net Income	EPS	Net Income	EPS
Reported	**$ 1,195**	**$ 0.88**	**$ 1,295**	**$ 0.90**
Adjustments:				
Amortization of intangible assets	203	0.15	248	0.17
Loss on early extinguishment of liability	-	-	20	0.01
Adjusted	**$ 1,398**	**$ 1.03**	**$ 1,563**	**$ 1.08**
Weighted average shares for adjusted EPS(1)		1,356		1,444
Fully diluted shares at December 31, 2012(2)		1,271		

(1) Average shares for the calculation of adjusted EPS for the three and twelve months ended December 31, 2012 and 2011 include 27 million of shares associated with the Series A convertible preferred stock and therefore the related quarterly dividends of $6 million and year-to-date dividends of $24 million are excluded. We evaluate the dilutive effect of the Series A convertible preferred stock on an "if-converted" basis.

(2) Represents common shares outstanding at December 31, 2012 as well as shares associated with our Series A convertible preferred stock plus dilutive potential common shares as used in the calculation of earnings per share for the three months ended December 31, 2012.

xerox®

GAAP EPS to Adjusted EPS Guidance Track

	Earnings Per Share guidance	
	Q1 2013	**FY 2013**
GAAP EPS	**$0.19 - $0.21**	**$0.94 - $1.00**
Adjustments:		
Amortization of intangible assets	0.04	0.15
Adjusted EPS	**$0.23 - $0.25**	**$1.09 - $1.15**

xerox ®

Receivables Sales Summary

(in millions)	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2011
Cash received from finance receivables sales	$ 314	$ -	$ 625	$ -
Collections on sold finance receivables*	(45)	-	(45)	-
Net cash impact of finance receivable sales	269	-	580	-
Net cash impact of accounts receivable sales	89	165	(78)	133
Net cash impact on cash flows from operating activities	**$ 358**	**$ 165**	**$ 502**	**$ 133**

* Represents cash that would have been collected if we had not sold finance receivables

Q4 Adjusted Operating Income/Margin

(in millions)	Three Months Ended December 31, 2012			Three Months Ended December 31, 2011		
	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported pre-tax income	**$ 367**	**$ 5,923**	**6.2%**	**$ 447**	**$ 5,964**	**7.5%**
Adjustments:						
Amortization of intangible assets	82			139		
Xerox restructuring charge	93			61		
Curtailment gain	-			(107)		
Other expenses, net	71			54		
Adjusted Operating	**$ 613**	**$ 5,923**	**10.3%**	**$ 594**	**$ 5,964**	**10.0%**
Equity in net income of unconsolidated affiliates	47			38		
Fuji Xerox restructuring charge	1			3		
Other expenses, net*	(70)			(53)		
Segment Profit/Revenue	**$ 591**	**$ 5,923**	**10.0%**	**$ 582**	**$ 5,964**	**9.8%**

* Includes rounding adjustments.

FY Adjusted Operating Income/Margin

(in millions)	Year Ended December 31, 2012 Profit	Revenue	Margin	Year Ended December 31, 2011 Profit	Revenue	Margin
Reported pre-tax income	**$ 1,348**	**$ 22,390**	**6.0%**	**$ 1,565**	**$ 22,626**	**6.9%**
Adjustments:						
Amortization of intangible assets	328			398		
Xerox restructuring charge	153			33		
Curtailment gain	-			(107)		
Other expenses, net	256			322		
Adjusted Operating	**$ 2,085**	**$ 22,390**	**9.3%**	**$ 2,211**	**$ 22,626**	**9.8%**
Equity in net income of unconsolidated affiliates	152			149		
Loss on early extinguishment of liability	-			33		
Fuji Xerox restructuring charge	16			19		
Other expenses, net*	(256)			(320)		
Segment Profit/Revenue	**$ 1,997**	**$ 22,390**	**8.9%**	**$ 2,092**	**$ 22,626**	**9.2%**

* Includes rounding adjustments.

Q4 and FY Adjusted Other, net

(in millions)	Three Months Ended December 31, 2012
Other expenses, net - Reported	**$ 71**
<u>Adjustments:</u>	
Net income attributable to noncontrolling interests	8
Other expenses, net - Adjusted	**$ 79**

(in millions)	Year Ended December 31, 2012
Other expenses, net - Reported	**$ 256**
<u>Adjustments:</u>	
Net income attributable to noncontrolling interests	28
Other expenses, net - Adjusted	**$ 284**

Q4 and FY Adjusted Effective Tax Rate

(in millions)	Three Months Ended December 31, 2012 Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Three Months Ended December 31, 2011 Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported	**$ 367**	**$ 71**	**19.3%**	**$ 447**	**$ 102**	**22.8%**
Adjustments:						
Amortization of intangible assets	82	31		139	52	
Adjusted	**$ 449**	**$ 102**	**22.7%**	**$ 586**	**$ 154**	**26.3%**

(in millions)	Year Ended December 31, 2012 Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Year Ended December 31, 2011 Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported	**$ 1,348**	**$ 277**	**20.5%**	**$ 1,565**	**$ 386**	**24.7%**
Adjustments:						
Amortization of intangible assets	328	125		398	150	
Loss on early extinguishment of liability	-	-		33	13	
Adjusted	**$ 1,676**	**$ 402**	**24.0%**	**$ 1,996**	**$ 549**	**27.5%**

Q4 and FY Services Revenue Breakdown

Services Segment: (in millions)	**Three Months Ended December 31,** 2012	2011	Change	Revenue CC Change	**Year Ended December 31,** 2012	2011	Change	Revenue CC Change
Business Processing Outsourcing	$ 1,734	$ 1,607	8%	8%	$ 6,610	$ 6,074	9%	10%
Document Outsourcing	975	954	2%	2%	3,659	3,545	3%	5%
Information Technology Outsourcing	389	337	15%	16%	1,426	1,326	8%	8%
Less: Intra-Segment Eliminations	(44)	(34)	29%	29%	(167)	(108)	55%	55%
Total Revenue - Services	**$ 3,054**	**$ 2,864**	7%	7%	**$ 11,528**	**$ 10,837**	6%	7%

Note: ITO growth includes 1 pt of growth in Q4 and 3 pts in full year from intercompany services which is eliminated in total services

Pro forma Revenue Breakdown

(in millions)	Year Ended December 31,								
	As Reported			Pro-forma (1)		As Reported Change		Pro-forma Change (1)	
	2011	2010	2009	2010	2009	2011	2010	2011	2010
Total Revenue									
Revenue:									
Annuity	$ 18,770	$ 17,776	$ 11,629	$ 18,395	$ 17,532	6%	53%	2%	1%
Equipment sales	3,856	3,857	3,550	3,857	3,550	-%	9%	-%	9%
Total	**$ 22,626**	**$ 21,633**	**$ 15,179**	**$ 22,252**	**$ 21,082**	**5%**	**43%**	**2%**	**3%**
Segment Revenue									
Revenue:									
Services	$ 10,837	$ 9,637	$ 3,476	$ 10,256	$ 9,379	12%	n/m	6%	3%
Technology	10,259	10,349	10,067	10,349	10,067	-1%	3%	-1%	3%
Other	1,530	1,647	1,636	1,647	1,636	-7%	1%	-7%	1%
Total	**$ 22,626**	**$ 21,633**	**$ 15,179**	**$ 22,252**	**$ 21,082**				

(1) 2010 pro-forma reflects ACS's 2010 estimated revenue from January 1 through February 5, 2010 and 2009 pro-froma reflects ACS's 2009 estimated revenue from February 6 through December 31, 2009.

	Three Months Ended March 31,				
	As Reported		Pro-forma (1)	As Reported	Pro-forma (1)
	2011	2010	2010	Change	Change
Services Revenue	$ 2,584	$ 1,843	$ 2,462	40%	5%

(1) 2010 pro-forma reflects ACS's 2010 estimated revenue from January 1 through February 5, 2010.

xerox ®

xerox®