

Earnings Presentation

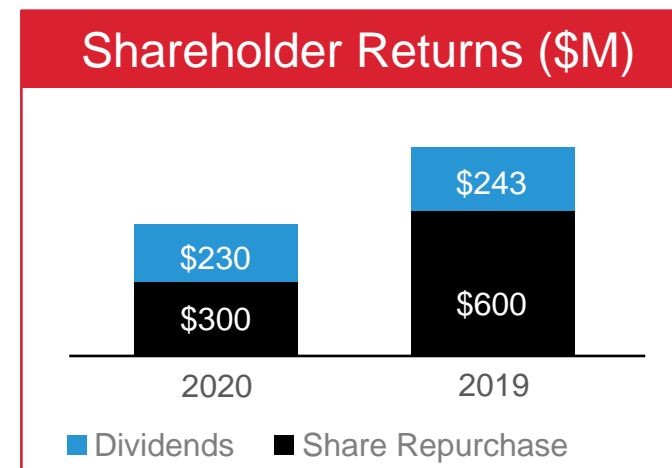
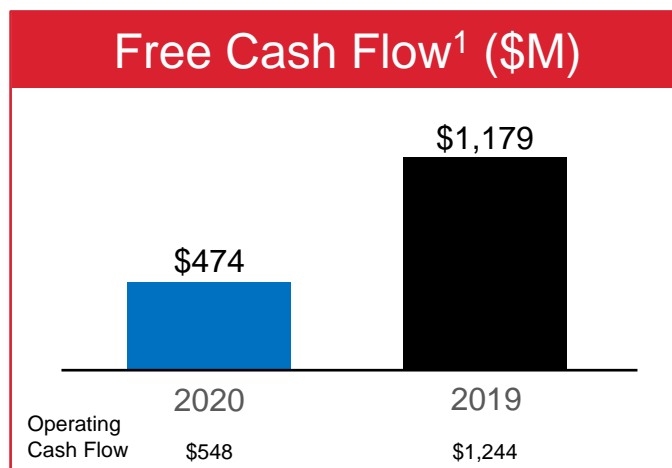
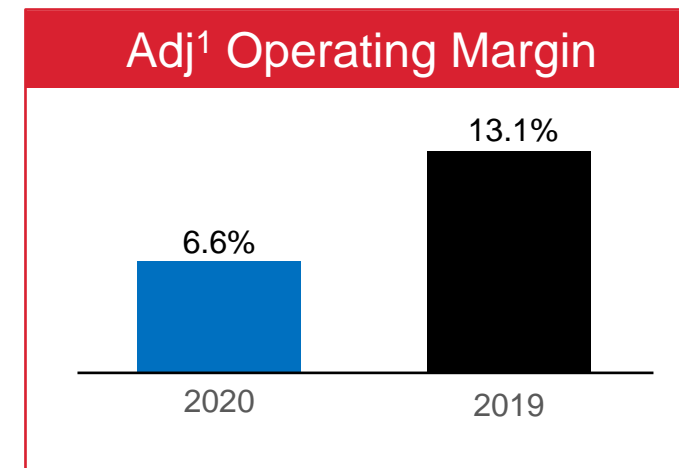
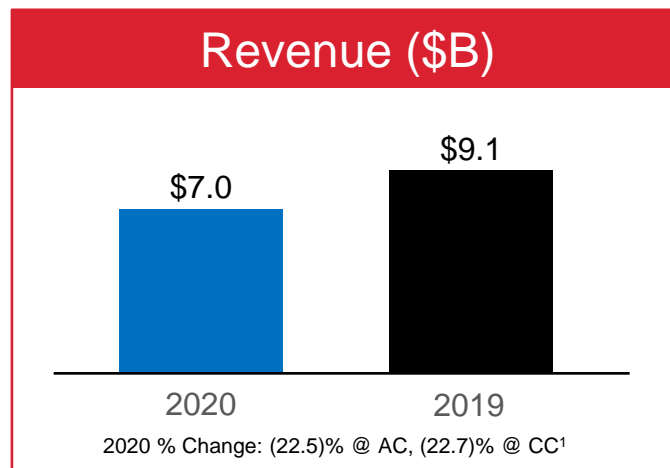
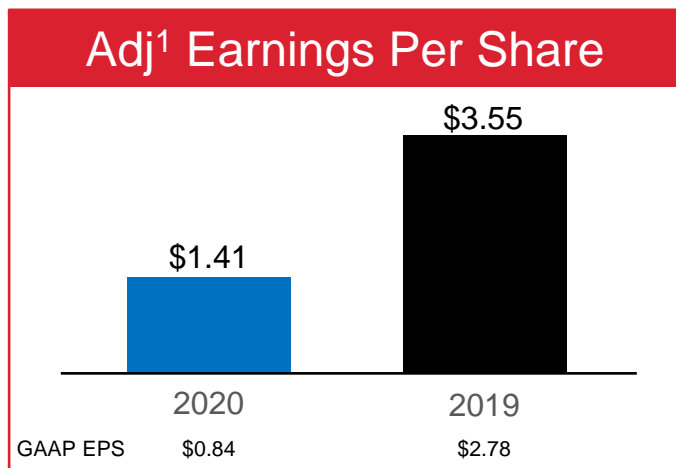
Q4 2020 RESULTS | JANUARY 26, 2021

Forward-Looking Statements

This presentation, and other written or oral statements made from time to time by management contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “will”, “should”, “targeting”, “projecting”, “driving” and similar expressions, as they relate to us, our performance and/or our technology, are intended to identify forward-looking statements. These statements reflect management’s current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to: the effects of the COVID-19 pandemic on our and our customers’ businesses and the duration and extent to which this will impact our future results of operations and overall financial performance; our ability to address our business challenges in order to reverse revenue declines, reduce costs and increase productivity so that we can invest in and grow our business; our ability to attract and retain key personnel; changes in economic and political conditions, trade protection measures, licensing requirements and tax laws in the United States and in the foreign countries in which we do business; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; 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 partners, subcontractors and software vendors will not perform in a timely, quality manner; 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; the risk that confidential and/or individually identifiable information of ours, our customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security systems due to cyber attacks or other intentional acts; reliance on third parties, including subcontractors, for manufacturing of products and provision of services; the exit of the United Kingdom from the European Union; our ability to manage changes in the printing environment and expand equipment placements; interest rates, cost of borrowing and access to credit markets; funding requirements associated with our employee pension and retiree health benefit plans; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; any impacts resulting from the restructuring of our relationship with Fujifilm Holdings Corporation; and the shared services arrangements entered into by us as part of Project Own It. Additional risks that may affect Xerox’s operations 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 Xerox Holdings Corporation’s and Xerox Corporation’s 2019 Annual Report on Form 10-K, as well as in Xerox Holdings Corporation’s and Xerox Corporation’s Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC.

These forward-looking statements speak only as of the date of this presentation or as of the date to which they refer, and 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.

Full Year 2020 Key Financial Measures



NOTE 1: FY 2019 Adj.¹ Earnings Per Share, Revenue, Adj.¹ Operating Margin and Free Cash Flow reflect the inclusion of the benefit from an upfront OEM license fee of \$77 million, paid by Fuji Xerox to Xerox in Q4 2019 as part of a series of transactions to restructure Xerox's relationship with FUJIFILM Holdings Corporation.

NOTE 2: The financial results presented in these slides are from continuing operations and exclude the results of Fuji Xerox equity income and XIP, which are presented as discontinued operations.

¹ Adjusted Measures, Free Cash Flow and Constant Currency (CC): see Non-GAAP Financial Measures.

Strategic Initiatives to Transform Xerox



Optimize operations for simplicity

- Continuously improve operating model for greater efficiency
- Invest further in robotic process automation, augmented reality and analytics to drive efficiencies
- Reduce complexity and choice around billing and offerings



Drive revenue

- Scale IT Services in SMB
- Grow XFS as a global payment solutions business
- Expand software offerings in enterprise content management and customer experience



Re-energize the innovation engine

- Revenue growth from 3D and IoT
- Launch \$250M corporate venture capital fund
- Embed PARC's AI technology into new and existing software offerings



Focus on cash flow and increasing capital returns

- Generate at least \$500M of free cash flow
- Deploy excess capital for strategic M&A
- Opportunistic share repurchases

xerox™ Frequently Asked Questions

Do you expect long-term impacts to your business as a result of the COVID-19 pandemic?

The workplace has been transformed into a more flexible, hybrid environment. In response, we have further expanded our innovation investments in order to bolster and diversify our portfolio of offerings.

Xerox continues to position itself for the future through investments in our core print business including Digital Services such as Digital Mail, Capture & Content and Digital Hub & Cloud Print, which enable work to flow seamlessly between the office and home.

Additionally, the hybrid work environment has increased SMB needs for IT Services, an area in which we achieved organic growth and established new partnerships, including Dell and Lenovo. This remains an important focus area.

What has changed that makes you confident in your guidance for 2021?

While the near-term economic impacts of COVID-19 remain a headwind, we are optimistic with regards to tailwinds later in the year as the vaccine rollout progresses.

Within print solutions, we are strengthening our go-to-market, pushing into higher margin portions of the value chain, and expanding professional services for print management.

We are focused on taking share in Entry and maintaining leadership in Mid and High segments through continued investments.

Other identified growth areas, such as IT Services and Software are also expected to grow organically as a result of increased investment, secular tailwinds and innovation.

Finally, Project Own It provides us the flexibility to adjust our cost structure and generate cash. The program has generated \$1.4 billion in gross cost savings since late 2018, and we expect another \$375 million of savings in 2021.

What structural changes are you making to help drive growth?

Xerox plans to stand up Software, Financing (XFS), and Innovation (PARC) as separate businesses within Xerox, allowing them to focus on developing new capabilities and sustainable growth.

PARC has made progress over the last two years developing disruptive technologies that we are beginning to commercialize in 2021.

To accelerate progress further, we are establishing a \$250 million corporate venture capital fund to invest in start-ups and early/mid-stage growth companies aligned with our innovation pillars and targeted adjacencies. The corporate venture capital fund will drive growth through investment, commercial partnerships and co-development of new technologies.

We have added to our Software offerings with the acquisition of CareAR, an augmented reality product that provides remote assistance and helps major technology clients modernize field service, customer support and other IT services.

Have your capital allocation priorities changed for 2021?

Overall, priorities are unchanged. Our balance sheet and liquidity are strong, with approximately \$2.7 billion of cash, cash equivalents and restricted cash and a \$1.8 billion undrawn revolver as of December 31st.

We remain committed to our shareholder return policy (including current dividend rate) of returning at least 50% of annual free cash flow to shareholders, and we have authorization to repurchase \$500 million of our shares, which we will execute opportunistically.

We continue to assess our M&A pipeline, including both potential tuck-in acquisitions and strategic transactions.

Due to refinancing activities, our liquidity remains strong as there are no bond maturities due in 2021, providing additional financial flexibility.

Financial Results Summary

(in millions, except per share data)

P&L Measures	Q4 2020	B/(W) YOY	% Change YOY
Revenue	\$ 1,930	\$ (514)	(21.0)% AC (22.3)% CC ¹
Operating Income – Adjusted ¹	\$ 184	\$ (227)	(55.2)%
Other Expenses, net	\$ 30	\$ (22)	NA
Net Income	\$ 77	\$ (189)	(71.1)%
Net Income – Adjusted ¹	\$ 122	\$ (178)	(59.3)%
GAAP Earnings Per Share	\$ 0.36	\$ (0.81)	(69.2)%
EPS – Adjusted ¹	\$ 0.58	\$ (0.75)	(56.4)%

P&L Ratios	Q4 2020	B/(W) YOY
Gross Margin	36.2%	(540) bps
RD&E %	3.9%	(10) bps
SAG %	22.8%	(190) bps
Operating Margin – Adjusted ¹	9.5%	(730) bps
Tax Rate – Adjusted ¹	29.8%	(480) bps

NOTE: Q4 2019 Revenue, Gross Margin, Operating Income – Adjusted¹, Operating Margin – Adjusted¹, GAAP EPS, EPS-Adjusted¹, Net Income, Net Income – Adjusted¹, and Tax Rate – Adjusted¹ reflect the inclusion of the benefit from an upfront OEM license fee of \$77 million, paid by Fuji Xerox to Xerox in Q4 2019 as part of a series of transactions to restructure Xerox's relationship with FUJIFILM Holdings Corporation.

¹ Adjusted Measures and Constant Currency (CC): see Non-GAAP Financial Measures.

Cash Flow

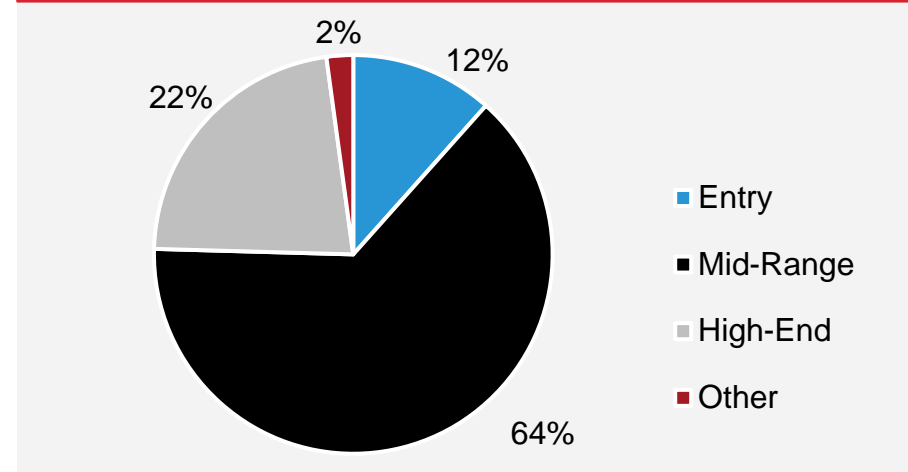
(in millions)	Q4 2020	FY 2020
Pre-tax Income	\$ 103	\$ 252
Non-cash add-backs ¹	180	672
Restructuring Payments	(18)	(81)
Pension Contributions	(42)	(139)
Working Capital, net ²	123	112
Change in Finance Assets ³	(70)	65
Other ⁴	(41)	(333)
Cash from Operations	\$ 235	\$ 548
Cash used in Investing	\$ (23)	\$ (246)
Cash used in Financing	\$ (840)	\$ (416)
Ending Cash, Cash Equivalents and Restricted Cash ⁵	\$ 2,691	\$ 2,691
Free Cash Flow⁶	\$ 221	\$ 474

¹ Non-cash add-backs include depreciation & amortization (including equipment on operating lease), provisions, stock-based compensation, defined benefit pension expense, restructuring and asset impairment charges and gain on sales of businesses and assets. ² Working Capital, net includes accounts receivable, accounts payable and inventory. ³ Includes equipment on operating leases (excluding its related depreciation) and finance receivables. ⁴ Includes other current and long-term assets and liabilities, accrued compensation, derivative assets and liabilities, other operating, net, distributions from net income of unconsolidated affiliates and taxes. ⁵ Includes \$2,691M of cash, cash equivalents and restricted cash, of which \$66 million was restricted. ⁶ Free Cash Flow: see Non-GAAP Financial Measures.

Revenue

(in millions)	Q4 2020	% Mix	B/(W) YOY	
			Q4 2020 AC	Q4 2020 CC ¹
Equipment	\$ 510	26%	(17.2)%	(18.8)%
Post Sale	\$1,420	74%	(22.3)%	(23.5)%
Total Revenue	\$1,930	100%	(21.0)%	(22.3)%
Americas	1,208	63%	(22.6)%	(22.5)%
EMEA	675	35%	(10.7)%	(15.1)%
Other ²	47	2%	(63.0)%	(63.0)%
Xerox Services⁴	\$ 715	37%	(17.9)%	(19.4)%

Q4 Equipment Revenue



Installs³ B/(W) YOY

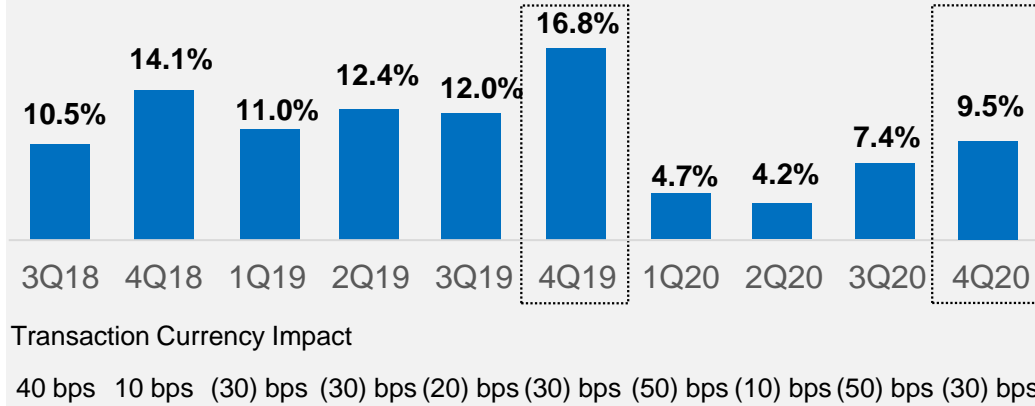
	Q4 2020		FY 2020	
	Color	B&W	Color	B&W
Entry A4 MFPs	(22)%	28%	(21)%	20%
Mid-Range	(20)%	(16)%	(26)%	(22)%
High-End	(26)%	(6)%	(42)%	(13)%

NOTE: Q4 2019 Post Sale, Total Revenue and Other reflect the inclusion of the benefit from an upfront OEM license fee of \$77 million, paid by Fuji Xerox to Xerox in Q4 2019 as part of a series of transactions to restructure Xerox's relationship with FUJIFILM Holdings Corporation.

¹ Constant Currency: see Non-GAAP Financial Measures. ² Other total revenue includes sales to Fuji Xerox and licensing. ³ Mid-Range and High-End color installations exclude Fuji Xerox digital front-end sales and reflect a mix to higher end products within each of these categories. ⁴ Xerox Services includes solutions and services that span from managing print to automating processes to managing content. Our primary offerings are Intelligent Workplace Services (IWS), as well as Digital and Cloud Print Services (including centralized print services) and Communication and Marketing Solutions.

Profitability and Earnings

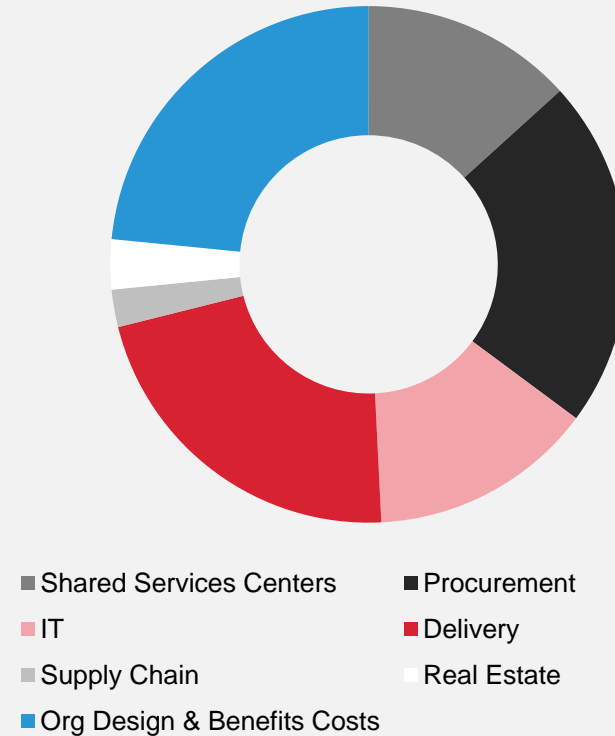
Adjusted¹ Operating Margin



Adjusted¹ EPS



Project Own It Contribution:
 Achieved \$450M of Gross Savings in 2020
 Achieved ~\$1.4B of Gross Savings since late 2018



- Project Own It is a multi-year program to simplify our operations and instill a culture of continuous improvement
- Additional cost reduction actions have been implemented in response to COVID-19

NOTE: 4Q19 Adjusted¹ Operating Margin and 4Q19 Adjusted¹ EPS reflect the inclusion of the benefit from an upfront OEM license fee of \$77 million, paid by Fuji Xerox to Xerox in Q4 2019 as part of a series of transactions to restructure Xerox's relationship with FUJIFILM Holdings Corporation.

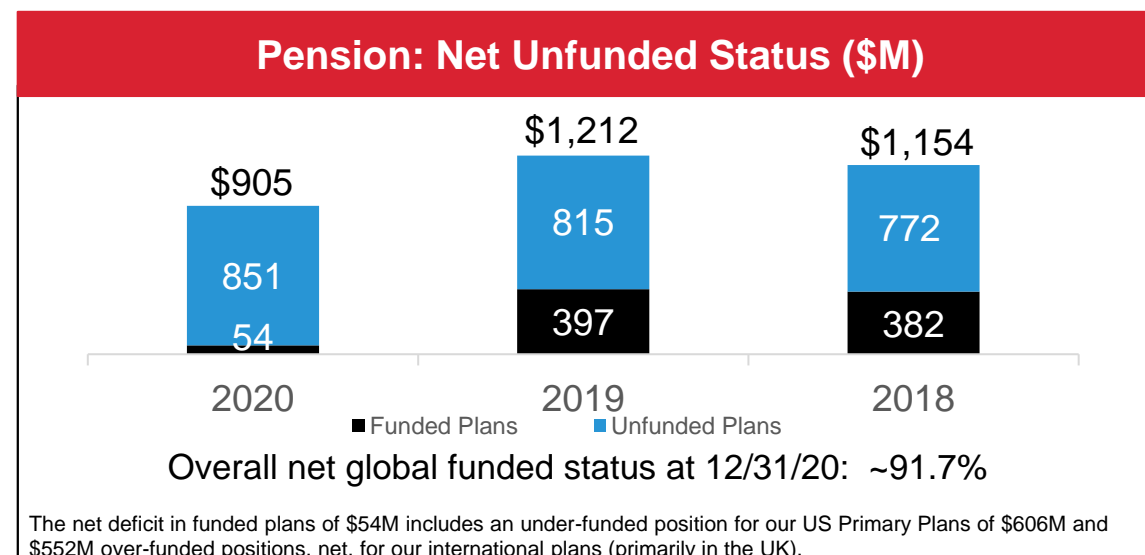
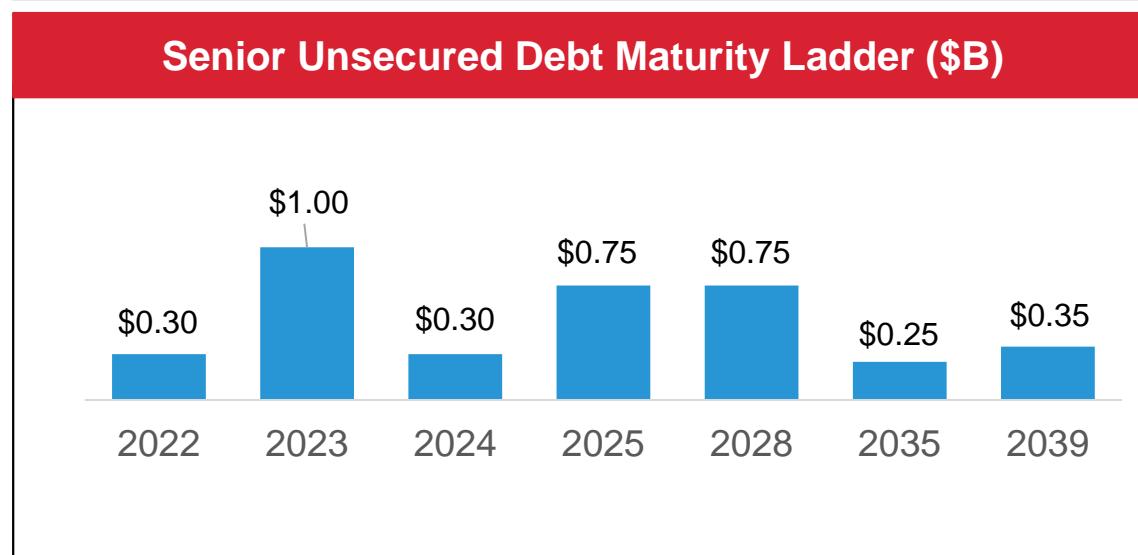
¹ Adjusted Measures: see Non-GAAP Financial Measures.

Capital Structure

Debt and Cash (\$B)	12/31/2020	12/31/2019
Total Debt	\$ 4.4	\$ 4.3
Less: Finance Debt	(3.0)	(3.3)
Core Debt	1.4	1.0
Less: Cash ¹	(2.7)	(2.8)
Net Core Cash	\$ (1.3)	\$ (1.8)

Leverage

- Maintain 7:1 debt to equity leverage ratio on \$3.5B of Xerox Financial Services (XFS) assets as of 12/31/2020
- Prepaid \$1.1B of bonds due May 2021 with combination of new senior unsecured notes and securitization; next maturity of \$300M in March 2022
- Ending net core cash \$1.3B, netting core debt of \$1.4B with ending cash of \$2.7B



¹ Cash, cash equivalents and restricted cash.

2021 Guidance

Full Year Guidance

Revenue (CC)¹ At least \$7.2B, ~2.5% growth

Free Cash Flow¹ At least \$500M

Shareholder Returns At least 50% of annual Free Cash Flow¹

In 2021, our four strategic initiatives—optimize operations for simplicity, drive revenue, reenergize the innovation engine and focus on cash flow and increasing capital returns—remain at the center of what we do to deliver results for all stakeholders. While COVID-19 is still impacting the global economy, our 2021 model assumes a modest economic recovery as the year progresses and continued execution of our growth strategy, which gives us confidence in our full-year guidance.

¹ Adjusted Measures, Constant Currency (CC) and Free Cash Flow: see Non-GAAP Financial Measure.



Appendix

Operating Trends – Continuing Operations

(in millions, except EPS)	2018	2019				2020					
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Total Revenue	\$9,662	\$2,180	\$2,263	\$2,179	\$2,444	\$9,066	\$1,860	\$1,465	\$1,767	\$1,930	\$7,022
<i>% Change</i>	<i>(3.3)%</i>	<i>(8.4)%</i>	<i>(8.3)%</i>	<i>(5.8)%</i>	<i>(2.2)%</i>	<i>(6.2)%</i>	<i>(14.7)%</i>	<i>(35.3)%</i>	<i>(18.9)%</i>	<i>(21.0)%</i>	<i>(22.5)%</i>
<i>CC¹ % Change</i>	<i>(4.0)%</i>	<i>(6.0)%</i>	<i>(6.7)%</i>	<i>(4.7)%</i>	<i>(1.6)%</i>	<i>(4.7)%</i>	<i>(13.9)%</i>	<i>(34.6)%</i>	<i>(19.7)%</i>	<i>(22.3)%</i>	<i>(22.7)%</i>
Adj¹ Operating Margin	11.3%	11.0%	12.4%	12.0%	16.8%	13.1%	4.7%	4.2%	7.4%	9.5%	6.6%
GAAP EPS (Loss)	\$1.16	\$0.34	\$0.60	\$0.68	\$1.17	\$2.78	\$(0.03)	\$0.11	\$0.41	\$0.36	\$0.84
Adj¹ EPS	\$2.88	\$0.66	\$0.79	\$0.80	\$1.33	\$3.55	\$0.21	\$0.15	\$0.48	\$0.58	\$1.41
Operating Cash Flow	\$1,082	\$222	\$276	\$348	\$398	\$1,244	\$173	\$34	\$106	\$235	\$548
Free Cash Flow¹	\$992	\$207	\$260	\$331	\$381	\$1,179	\$150	\$15	\$88	\$221	\$474

¹ Adjusted measures, Free Cash Flow, and Constant Currency (CC): see Non-GAAP Financial Measures.

Impact of OEM License Agreement between Xerox and Fuji Xerox

In November 2019, Xerox Holdings Corporation completed a series of transactions to restructure its relationship with FUJIFILM Holdings Corporation (“FH”), including the sale of its indirect 25% equity interest in Fuji Xerox (“FX”) for approximately \$2.2 billion as well as the sale of its indirect 51% partnership interest in Xerox International Partners (“XIP”) for approximately \$23 million (collectively the “Sales”). The transactions with FH also included an OEM license agreement by and between FX and Xerox, granting FX the right to use specific Xerox Intellectual Property (“IP”) in providing certain named original equipment manufacturers (“OEM’s”) with products (such as printer engines) in exchange for an upfront license fee of \$77 million. The license fee was recorded within other revenues in fourth quarter 2019. The \$77 million (\$58 million after-tax) OEM license had the following impact on our financial results for the three months ended and for the year ended December 31, 2020 and 2019, respectively:

(in millions, except per share amounts)	Three Months Ended December 31,			Year Ended December 31,		
	As Reported	OEM License Impact	As Reported Excluding OEM License Impact	As Reported	OEM License Impact	As Reported Excluding OEM License Impact
Financial Results from Continuing Operations						
2020						
Revenue	(21.0)%	(2.5)%	(18.5)%	(22.5)%	(0.6)%	(21.9)%
Revenue - CC ⁽¹⁾	(22.3)%	(2.5)%	(19.8)%	(22.7)%	(0.7)%	(22.0)%
2019						
Gross Margin	41.6 %	1.9 %	39.7 %	40.3 %	0.6 %	39.7 %
Adjusted ⁽¹⁾ Operating Margin	16.8 %	2.7 %	14.1 %	13.1 %	0.7 %	12.4 %
EPS - GAAP	\$ 1.17	\$ 0.25	\$ 0.92	\$ 2.78	\$ 0.25	\$ 2.53
EPS - Adjusted ⁽¹⁾	\$ 1.33	\$ 0.25	\$ 1.08	\$ 3.55	\$ 0.25	\$ 3.30
Operating Cash Flow ⁽²⁾	\$ 398	\$ 58	\$ 340	\$ 1,244	\$ 58	\$ 1,186

(1) Adjusted measures and Constant Currency (CC): see the Non-GAAP Financial Measures section for an explanation of the non-GAAP financial measures.

(2) Free Cash Flow likewise impacted by \$58 million from OEM license.



Non-GAAP Financial Measures

Non-GAAP Financial Measures

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

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

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.

Adjusted Earnings Measures

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

The above measures were adjusted for the following items:

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

Non-GAAP Financial Measures (cont'd)

- Transaction and related costs, net: Transaction and related costs, net are costs and expenses primarily associated with certain strategic M&A projects. These costs are primarily for third-party legal, accounting, consulting and other similar type professional services as well as potential legal settlements that may arise in connection with those M&A transactions. These costs are considered incremental to our normal operating charges and were incurred or are expected to be incurred solely as a result of the planned transactions. Accordingly, we are excluding these expenses from our Adjusted Earnings Measures in order to evaluate our performance on a comparable basis.
- Non-service retirement-related costs: Our defined benefit pension and retiree health costs include several elements impacted by changes in plan assets and obligations that are primarily driven by changes in the debt and equity markets as well as those that are predominantly legacy in nature and related to employees who are no longer providing current service to the company (e.g. retirees and ex-employees). These elements include (i) interest cost, (ii) expected return on plan assets, (iii) amortization of prior plan amendments, (iv) amortized actuarial gains/losses and (v) the impacts of any plan settlements/curtailments. Accordingly, we consider these elements of our periodic retirement plan costs to be outside the operational performance of the business or legacy costs and not necessarily indicative of current or future cash flow requirements. This approach is consistent with the classification of these costs as non-operating in other expenses, net. Adjusted earnings will continue to include the service cost elements of our retirement costs, which is related to current employee service as well as the cost of our defined contribution plans.
- Other discrete, unusual or infrequent items: We excluded the following items given their discrete, unusual or infrequent nature and their impact on our results for the period:
 - Contract termination costs - IT services,
 - Loss on early extinguishment of debt, and
 - Impacts associated with the Tax Cuts and Jobs Act (the "Tax Act") enacted in December 2017.

We believe the exclusion of these items allows investors to better understand and analyze the results for the period as compared to prior periods and expected future trends in our business.

Non-GAAP Financial Measures (cont'd)

Adjusted Operating Income/Margin

We calculate and utilize adjusted operating income and margin measures by adjusting our reported pre-tax income and margin amounts. In addition to the costs and expenses noted as adjustments for our Adjusted Earnings measures, adjusted operating income and margin also exclude the remaining amounts included in Other expenses, net, which are primarily non-financing interest expense and certain other non-operating costs and expenses. We exclude these amounts in order to evaluate our current and past operating performance and to better understand the expected future trends in our business.

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.” This impact is calculated by translating current period activity in local currency using the comparable prior year period's currency translation rate. This impact is calculated for all countries where the functional currency is not the U.S. dollar. Management believes the constant currency measure provides investors an additional perspective on revenue trends. Currency impact can be determined as the difference between actual growth rates and constant currency growth rates.

Free Cash Flow

To better understand trends in our business, we believe that it is helpful to adjust operating cash flows by subtracting amounts related to capital expenditures. Management believes this measure gives investors an additional perspective on cash flow from operating activities in excess of amounts required for reinvestment. It provides a measure of our ability to fund acquisitions, dividends and share repurchase.

Summary:

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 tables:

Net Income and EPS reconciliation

(in millions, except per share amounts)	Three Months Ended December 31, 2020		Three Months Ended December 31, 2019		Year Ended December 31, 2020		Year Ended December 31, 2019	
	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS
Reported⁽¹⁾	\$ 77	\$ 0.36	\$ 266	\$ 1.17	\$ 192	\$ 0.84	\$ 648	\$ 2.78
Adjustments:								
Restructuring and related costs	29		53		93		229	
Amortization of intangible assets	22		10		56		45	
Transaction and related costs, net	-		4		18		12	
Non-service retirement-related costs	(9)		(3)		(29)		18	
Loss on early extinguishment of debt	26		-		26		-	
Contract termination costs – IT services	-		(4)		3		(12)	
Income tax on adjustments ⁽²⁾	(23)		(22)		(46)		(77)	
Tax Act	-		(4)		-		(35)	
Adjusted	<u>\$ 122</u>	<u>\$ 0.58</u>	<u>\$ 300</u>	<u>\$ 1.33</u>	<u>\$ 313</u>	<u>\$ 1.41</u>	<u>\$ 828</u>	<u>\$ 3.55</u>
Dividends on preferred stock used in adjusted EPS calculation ⁽³⁾		\$ -		\$ -		\$ 14		\$ -
Weighted average shares for adjusted EPS ⁽³⁾		209		227		211		233
Fully diluted shares at December 31, 2020 ⁽⁴⁾		207						

⁽¹⁾ Net income and EPS from continuing operations attributable to Xerox Holdings.

⁽²⁾ Refer to Effective Tax Rate reconciliation.

⁽³⁾ Average shares for the calculation of adjusted diluted EPS for the three months ended December 31, 2020, and for three months ended and year ended 2019, includes 7 million shares associated with our Series A convertible preferred stock and therefore earnings excludes the preferred stock dividend. Average shares for the calculation of adjusted diluted EPS for the year ended December 31, 2020 excludes 7 million shares associated with our Series A convertible preferred stock and therefore earnings includes the preferred stock dividend.

⁽⁴⁾ Represents common shares outstanding at December 31, 2020 plus potential dilutive common shares as used for the calculation of adjusted diluted EPS for the three months ended December 31, 2020 which includes shares associated with our Series A convertible preferred stock.

Effective Tax Rate reconciliation

(in millions)	Three Months Ended December 31, 2020			Three Months Ended December 31, 2019			Year Ended December 31, 2020			Year Ended December 31, 2019		
	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported⁽¹⁾	\$ 103	\$ 28	27.2%	\$ 336	\$ 73	21.7%	\$ 252	\$ 64	25.4%	\$ 822	\$ 179	21.8%
Non-GAAP Adjustments ⁽²⁾	68	23		60	22		167	46		292	77	
Tax Act	-	-		-	4		-	-		-	35	
Adjusted⁽³⁾	<u>\$ 171</u>	<u>\$ 51</u>	29.8%	<u>\$ 396</u>	<u>\$ 99</u>	25.0%	<u>\$ 419</u>	<u>\$ 110</u>	26.3%	<u>\$ 1,114</u>	<u>\$ 291</u>	26.1%

(1) Pre-tax income and income tax expense from continuing operations.

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

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

Operating Income / Margin reconciliation

(in millions)	Three Months Ended December 31, 2020			Three Months Ended December 31, 2019			Year Ended December 31, 2020			Year Ended December 31, 2019		
	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported ⁽¹⁾	\$ 103	\$ 1,930	5.3%	\$ 336	\$ 2,444	13.7%	\$ 252	\$ 7,022	3.6%	\$ 822	\$ 9,066	9.1%
Adjustments:												
Restructuring and related costs	29			53			93			229		
Amortization of intangible assets	22			10			56			45		
Transaction and related costs, net	-			4			18			12		
Other expenses, net	30			8			45			84		
Adjusted	<u>\$ 184</u>	<u>\$ 1,930</u>	9.5%	<u>\$ 411</u>	<u>\$ 2,444</u>	16.8%	<u>\$ 464</u>	<u>\$ 7,022</u>	6.6%	<u>\$ 1,192</u>	<u>\$ 9,066</u>	13.1%

(1) Pre-tax Income and revenue from continuing operations.

Free Cash Flow reconciliation

(in millions)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	Change	2020	2019	Change
Reported ⁽¹⁾	\$ 235	\$ 398	\$ (163)	\$ 548	\$ 1,244	\$ (696)
Capital expenditures	(14)	(17)	3	(74)	(65)	(9)
Free Cash Flow	<u>\$ 221</u>	<u>\$ 381</u>	<u>\$ (160)</u>	<u>\$ 474</u>	<u>\$ 1,179</u>	<u>\$ (705)</u>

(1) Net cash provided by operating activities of continuing operations.

Other Expenses, Net reconciliation

(in millions)	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Reported	\$ 30	\$ 8	\$ 45	\$ 84
Less: Non-service retirement-related costs	(9)	(3)	(29)	18
Less: Contract termination costs – IT services	-	(4)	3	(12)
Less: Loss on early extinguishment of debt	26	-	26	-
Adjusted	<u>\$ 13</u>	<u>\$ 15</u>	<u>\$ 45</u>	<u>\$ 78</u>

Free Cash Flow – Guidance

<u>(in millions)</u>	<u>FY 2021</u>
Operating Cash Flow⁽¹⁾	At least \$ 600
Less: capital expenditures	<u>(100)</u>
Free Cash Flow	<u><u>At least \$ 500</u></u>

⁽¹⁾ *Net cash provided by operating activities from continuing operations.*

Net Income (Loss) and EPS reconciliation – historical

(in millions, except per share amounts)	Q3-18		Q4-18		Year Ended December 31, 2018		Q1-19		Q2-19		Q3-19		Q4-19		Year Ended December 31, 2019		Q1-20		Q2-20		Q3-20	
	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net (Loss) Income	EPS	Net Income	EPS	Net Income	EPS
Reported ⁽¹⁾	\$ 39	\$ 0.14	\$ 91	\$ 0.37	\$ 306	\$ 1.16	\$ 84	\$ 0.34	\$ 141	\$ 0.60	\$ 157	\$ 0.68	\$ 266	\$ 1.17	\$ 648	\$ 2.78	\$ (2)	\$ (0.03)	\$ 27	\$ 0.11	\$ 90	\$ 0.41
Restructuring and related costs	29		67		157		112		37		27		53		229		41		3		20	
Amortization of intangible assets	12		12		48		15		11		9		10		45		11		10		13	
Transaction and related costs, net	(33)		5		68		-		4		4		4		12		17		7		(6)	
Non-service retirement-related costs	33		67		150		13		10		(2)		(3)		18		1		(8)		(13)	
Contract termination costs - IT services	-		43		43		-		-		(8)		(4)		(12)		3		-		-	
Income tax on adjustments	(10)		(48)		(116)		(31)		(17)		(7)		(22)		(77)		(21)		(3)		1	
US Tax Act	95		(6)		89		(35)		-		4		(4)		(35)		-		-		-	
Adjusted	<u>\$ 165</u>	<u>\$ 0.64</u>	<u>\$ 231</u>	<u>\$ 0.94</u>	<u>\$ 745</u>	<u>\$ 2.88</u>	<u>\$ 158</u>	<u>\$ 0.66</u>	<u>\$ 186</u>	<u>\$ 0.79</u>	<u>\$ 184</u>	<u>\$ 0.80</u>	<u>\$ 300</u>	<u>\$ 1.33</u>	<u>\$ 828</u>	<u>\$ 3.55</u>	<u>\$ 50</u>	<u>\$ 0.21</u>	<u>\$ 36</u>	<u>\$ 0.15</u>	<u>\$ 105</u>	<u>\$ 0.48</u>
Dividends on preferred stock used in adjusted EPS calculation ⁽²⁾	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ (4)		\$ 3		\$ 4	
Weighted average shares for adjusted EPS ⁽²⁾	261		246		258		240		235		231		227		233		216		216		213	

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

⁽²⁾ For those periods that exclude the preferred stock dividend the average shares for the calculations of diluted EPS include 7 million shares associated with our Series A convertible preferred stock, as applicable.

Operating Income / Margin reconciliation – historical

(in millions)	Q3-18			Q4-18			Year Ended December 31, 2018			Q1-19			Q2-19			Q3-19			Q4-19			Year Ended December 31, 2019			Q1-20			Q2-20			Q3-20		
	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported⁽¹⁾	\$ 177	\$ 2,314	7.6%	\$ 124	\$ 2,498	5.0%	\$ 549	\$ 9,662	5.7%	\$ 73	\$ 2,180	3.3%	\$ 190	\$ 2,263	8.4%	\$ 223	\$ 2,179	10.2%	\$ 336	\$ 2,444	13.7%	\$ 822	\$ 9,066	9.1%	\$ (5)	\$ 1,860	(0.3%)	\$ 35	\$ 1,465	2.4%	\$ 119	\$ 1,767	6.7%
Adjustments:																																	
Restructuring and related costs	29			67			157			112			37			27			53			229			41			3			20		
Amortization of intangible assets	12			12			48			15			11			9			10			45			11			10			13		
Transaction and related costs, net	(33)			5			68			-			4			4			4			12			17			7			(6)		
Other expenses, net	57			144			271			39			38			(1)			8			84			23			7			(15)		
Adjusted	<u>\$ 242</u>	<u>\$ 2,314</u>	10.5%	<u>\$ 352</u>	<u>\$ 2,498</u>	14.1%	<u>\$ 1,093</u>	<u>\$ 9,662</u>	11.3%	<u>\$ 239</u>	<u>\$ 2,180</u>	11.0%	<u>\$ 280</u>	<u>\$ 2,263</u>	12.4%	<u>\$ 262</u>	<u>\$ 2,179</u>	12.0%	<u>\$ 411</u>	<u>\$ 2,444</u>	16.8%	<u>\$ 1,192</u>	<u>\$ 9,066</u>	13.1%	<u>\$ 87</u>	<u>\$ 1,860</u>	4.7%	<u>\$ 62</u>	<u>\$ 1,465</u>	4.2%	<u>\$ 131</u>	<u>\$ 1,767</u>	7.4%

⁽¹⁾ Pre-Tax Income (Loss) and revenue from continuing operations.

Free Cash Flow reconciliation – historical

(in millions, except per share amounts)

	Year Ended December 31, 2018	Q1-19	Q2-19	Q3-19	Q4-19	Year Ended December 31, 2019	Q1-20	Q2-20	Q3-20
Reported ⁽¹⁾	\$ 1,082	\$ 222	\$ 276	\$ 348	\$ 398	\$ 1,244	\$ 173	\$ 34	\$ 106
Capital expenditures	(90)	(15)	(16)	(17)	(17)	(65)	(23)	(19)	(18)
Free Cash Flow from Continuing Operations	<u>\$ 992</u>	<u>\$ 207</u>	<u>\$ 260</u>	<u>\$ 331</u>	<u>\$ 381</u>	<u>\$ 1,179</u>	<u>\$ 150</u>	<u>\$ 15</u>	<u>\$ 88</u>

⁽¹⁾ Net cash provided by operating activities from continuing operations.

xeroxTM