Louisville-Southern Indiana Ohio River Bridges (LSIORB) Toll Services Project for the Indiana Finance Authority / Joint Board

RSubmitted on July 28, 2014, 12:00 PM EDT
Submitted by Xerox State & Local Solutions, Inc.

Volume 1 – Executive Summary, Administrative Materials and Forms, and Updated Financial Information

Louisville-Southern Indiana Ohio River Bridges (LSIORB) Toll Services Project for the Indiana Finance Authority / Joint Board

July 28, 2014, 12:00 PM EDT

Submitted by:
Xerox State & Local Solutions, Inc.
12410 Milestone Center Drive
Germantown, MD 20876

Exhibit F

SUMMARY AND ORDER OF PROPOSAL CONTENTS

Technical Proposal Component	Form (if any)	ITP Section Cross-Reference
A. Executive Summary		
Executive Summary **(Exclude price information)**	No forms are provided	Exhibit B, Section 3.1
B. Proposer Information, Certifications & Documents		
Proposal Letter	Form A	Exhibit B, Section 3.2.1
Authorization Documents	No forms are provided	Exhibit B, Section 3.2.1
Identification of Proposer and Equity Members	Form B-1	Exhibit B, Section 3.2.2
Information About Proposer Organization	Form B-2	Exhibit B, Section 3.2.2
Information About Major Subcontractors	Form B-3	Exhibit B, Section 3.2.2
Letter accepting joint and several liability, if applicable	No forms are provided	Exhibit B, Section 3.2.2
Responsible Proposer and Major Subcontractor Questionnaire	Form C	Exhibit B, Section 3.2.3
Letter(s) Regarding Pre-Proposal Submittals	No forms are provided	Exhibit B, Section 3.2.4
Non-Collusion Affidavit	Form D	Exhibit B, Section 3.2.5
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Surety/Financial Institution Information	No forms are provided	Exhibit B, Section 3.2.7
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Equal Opportunity Employment Certification	Form H	Exhibit B, Section 3.2.9
Lobbying Certification	Form I	Exhibit B, Section 3.2.10
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Insurance	No forms are provided	Exhibit B, Section 3.2.12

Technical Proposal Component	Form (if any)	ITP Section Cross-Reference
Confidential Contents Index	No forms are provided	Exhibit B, Section 3.2.13
Kentucky Bidders Form	Form N	Exhibit B, Section 3.2.14
Copies of Organizational Documents	No forms are provided	Exhibit B, Section 3.2.2
Proposer Teaming Agreement or Key Terms	No forms are provided	Exhibit B, Section 3.2.2
Executed Contracts or Term Sheets/Heads of Terms	No forms are provided	Exhibit B, Section 3.2.2
C. Financial Information Proposer must provide the corporate and financial information identified in Section 4.0 of Exhibit B, for the Proposer, Equity Members, Guarantors and any other Financially Responsible Party	No forms are provided	Exhibit B, Section 4.1
C1 Audited Fiscal Financial Statements and related updated financial materials submitted in response to SOQ for all periods subsequent to SOQ and unaudited interim financial statements (Exhibit B, Section 4.1)	No forms are provided	Exhibit B, Section 4.1
C2 Letter regarding material change in financial condition since submission of the SOQ and for next reporting period (Exhibit B, Section 4.2)	No forms are provided	Exhibit B, Section 4.2
C3 Guarantor Letter of Support (Exhibit B, Section 4.3)	Form L	Exhibit B, Section 4.3
D. Technical Response		
Technical Response	Form K	Exhibit B, Section 5.0
E. Preliminary Project Schedule		
Preliminary Project Schedule	No forms are provided	Exhibit B, Section 6.0

A Executive Summary

REQUIREMENT: RFP Section Sec 4.1.10, Pg. 55

Leveraging our existing Xerox facilities, VECTOR 4G back office platform, and proven project delivery and management team, Xerox will deliver a high quality AET system for the Joint Board and will provide exceptional customer service to the patrons of this new tolling facility. Xerox – already one of the largest private employers in both Indiana and Kentucky – will bring additional jobs to the region through our existing Customer Service Center in Anderson, IN.

The Louisville-Southern Indiana Ohio River Bridges (LSIORB) facilities are a vital Kentucky/Indiana transportation asset from both a mobility and financial perspective. This ambitious project will enhance the transportation infrastructure in the region by increasing capacity while improving safety, reliability, and efficiency.

Xerox understands that the Joint Board needs both a reliable and economical all-electronic tolling (AET) solution delivered on time and with minimal ongoing cost of ownership in order to meet these goals. Our proven track record in successfully delivering similar systems makes us the low-risk solution for this project.

A toll road is a public trust and a toll system is more than just technology. The traveling public depends on the Joint Board and you in turn can depend on us, just as many large U.S. toll agencies do every day.

Xerox Advantage

- Proven and successful AET implementations of similar size and scope
- Financial backing of a Fortune 200 company
- *E-ZPass*® Interagency Group (IAG) experience
- Will bring additional jobs to the region
- Proven VECTOR 4G back office platform in operation at 19 toll agencies across the U.S.
- PrePass™ Value Add

Xerox and Tolling

Today Xerox provides solutions that address our customer's business critical mobility problems with an installed base of over 1800 tolling lanes and hosting some of the largest ETC Back Office Systems/Customer Service Centers in the world. We process over $5 billion in ETC transactions per year on average – that is over 60 percent of all ETC transactions in the United States and represents over 1.6 billion ETC lane transactions.

Today, we serve the needs of 22 tolling agencies across the country. Our VECTOR 4G tolling program is customized for each of those agencies, producing extremely positive results in every case. We process over 95 million images per year and our highly trained Customer Service Representatives handle more than 21 million calls per year.

We design and maintain multiple complete toll collection systems and currently support 15 agencies that are members of the *E-ZPass*® Group (formerly the Interagency Group (IAG)) toll interoperable network. In this capacity, we process nearly 70 percent of the network's tolls transactions. We also operate interoperable revenue collection systems for two other leading toll networks: *FasTrak*® (California) and SunPass® (Florida).

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Experience Counts

Our response meets or exceeds all of the requirements specified in your ITP. As a true system integrator, our proposed solution maximizes the use of commercial-off-the-shelf (COTS) products for our hardware component selections, and we integrate these components with VECTOR 4G. The use of COTS products provides you with a flexible and adaptable toll collection system that gives you the ability to integrate the latest information and transportation technology.

The tollway will directly benefit from our services because of our experience in delivering critical revenue collection systems. Our people bring many years of experience in creating and improving tolling operations across numerous programs including *E-ZPass*®, *FasTrak*®, and others. We have hundreds of employees using the system every day, so many of the enhancements come from hands-on requests for operational efficiency.

In short, we believe "Experience Counts," especially in vital new roadway projects such as this, where implementation schedules must be coordinated with construction schedules and the selected provider must deliver on time.

Ensuring Success

To ensure a successful implementation, we will staff the project with many of the same program management, system design, and technology professionals that implemented the recent successful open road tolling (ORT)/AET system for the North Carolina Transportation Authority (NCTA) and the Maryland Transportation Authority InterCounty Connector (ICC).

We Provide System Redundancy Through:

- Field-proven design
- Software monitoring
- Protective equipment
- Continuous backup

The ORT/AET system is a field-proven design that is continually evolving based on stringent reliability engineering standards and practices. These practices span the system development life cycle and the selection of reliable, tightly integrated components. Fault tolerance is accomplished through strategic redundancy and implementation of degraded mode processing.

We know that the definition of a redundant and reliable system varies from one project to the next. However, our intent is always the same: Provide a system that can continue to process and record toll data at the highest level of accuracy and availability that prevents component or subsystem failure. To do so, we ensure that no single failure will result in complete loss of the entire system and its revenue.

Xerox Back Office System

The back office platform is the heart of any tolling system and directly impacts the level of customer service and overall customer (patrons of the bridges) satisfaction.

Our VECTOR 4G back office platform is the result of 22 years of technological and product evolution. Over the progression of four major versions, we have incorporated numerous customer-requested features. This long experience means we offer the Joint Board the most robust and full-featured solution available for toll operations.

Xerox unique PrePass™ Value Proposition

Xerox operates the national PrePass commercial vehicle system – currently in operation in 37 states including Kentucky, Indiana, Tennessee, and Illinois. A significant portion of the traffic traveling the new and existing LSIORB bridges will be commercial vehicles. We propose to leverage this unique capability to help the Joint Board drive down the cost of toll collection of commercial vehicles traveling across the Joint Board facilities.

PrePass is a nationwide system that automates the truck credentialing process and enables trucks to bypass state-run weigh stations. The system provides significant savings in time and fuel costs. When signing up for PrePass services, commercial vehicle operators can select an account option that also provides an integrated *E-ZPass*® interoperable transponder. All account activity (transponder distribution, account maintenance, customer support) is handled out of our existing PrePass back office.

We suggest a joint marketing effort with you to give truck operators (that will be traveling across the new tolled bridges) the option of signing up for a PrePass account rather than requesting a transponder from the Joint Board Customer Service Center. Increasing the number of truck operators that sign up for a PrePass account will decrease the cost of toll collection for the Joint Board.

Proven and Reliable Partner

The Joint Board is seeking a proven and reliable back office system and a proven and reliable AET system. The largest tolling authorities in the U.S. trust our system and our people each and every day as they collect millions in toll revenue, handle thousands of customer calls, and process many thousands of violations in an accurate, fair, and timely manner.

We understand that as the Joint Board introduces tolling across the Ohio River, any deficiencies in the system or the processes can be extremely costly, can damage patron goodwill, and can attract negative publicity. Operating for over 22 years in many of the largest tolling environments in the country, we have proven that we keep our customers and the public satisfied.

We look forward to the opportunity to work together with the Joint Board on this important project.

FORM A

INDIANA FINANCE AUTHORITY
ON BEHALF OF THE LOUISVILLE SOUTHERN INDIANA OHIO RIVER BRIDGES JOINT BOARD
LSIORB TOLL SERVICES PROJECT
INSTRUCTIONS TO PROPOSERS

PROPOSAL LETTER

PROPOSER: Xerox State & Local Solutions, Inc.

Proposal Date: July 28, 2014

The undersigned (**"Proposer"**) submits this proposal (this **"Proposal"**) in response to that certain Request for Proposals (as amended, the "**RFP**") issued by the Indiana Finance Authority (**"IFA"**), an independent public corporation created under the laws of the State of Indiana, on behalf of the Joint Board, dated May 23, 2014, to provide, operate, maintain, and manage a toll collection system, and provide back office toll collection and customer service, for the Ohio River Bridges Project (the "**Project**"), as more specifically described herein and in the documents provided with the RFP (the **"RFP Documents"**). Initially capitalized terms not otherwise defined herein shall have the meanings set forth in the RFP and the RFP Documents.

The RFP was issued on behalf of the Joint Board ("Joint Board") established under the Interlocal Cooperation Agreement for the Design, Procurement, Construction, Financing, Tolling, Operation and Maintenance for the Louisville-Southern Indiana Ohio River Bridges Project (as amended from time to time, the "Interlocal") and the Bi-State Development Agreement ("Development Agreement") among KYTC, KPTIA, IFA and INDOT (collectively, the "States' Parties"), which has authorized IFA to undertake this procurement on behalf of the Joint Board and in cooperation with the other States' Parties.

Subject to the terms below, in consideration for IFA and the Joint Board supplying us, at our request, with the RFP Documents and agreeing to examine and consider this Proposal, the undersigned undertake(s) [jointly and severally] ***[if Proposer team's equity members have not formed the Proposer entity, then leave in words "jointly and severally…" and delete the brackets. Otherwise delete the entire phrase. The bracketed "jointly and severally…" language applies until a Proposer entity is formed, in which case, it will not apply unless the Contractor is a joint venture or partnership]***:

a) to keep this Proposal open for acceptance initially for 180 days after the Proposal Due Date, without unilaterally varying or amending its terms and without any member or partner withdrawing or any other change being made in the composition of the partnership/joint venture/limited liability company/consortium on whose behalf this Proposal is submitted, without first obtaining the prior written consent of the Joint Board, in its sole discretion; and

b) if this Proposal is accepted, to provide security (including bonds, insurance and letters of credit) for the due performance of the LSIORB Toll Services Agreement (**"Agreement"**) as stipulated in the Agreement and the RFP.

If selected by the Joint Board, Proposer agrees to do the following or to cause the Toll System Provider to do the following: (a) if requested by IFA, on behalf of the Joint Board, in its sole discretion, enter into good faith negotiations with the Joint Board regarding the terms of the Agreement and in accordance with the requirements of the RFP; and (b) perform its obligations as set forth in the ITP and Agreement, including compliance with all commitments contained in this Proposal.

The following individual(s) is/are authorized to enter into negotiations with the Joint Board on behalf of the Proposer and Toll System Provider in connection with this RFP, the Project and the Agreement: Nick Bevilacqua, Steve Moseley, Helen Barton, and Mark Cantelli.

Enclosed, and by this reference incorporated herein and made a part of this Proposal, are the following:

- Executive Summary
- Technical Proposal, including Proposer Information and Certifications and Documents,
- Price Proposal

Proposer acknowledges receipt of the following Addenda and sets of questions and responses:

Addenda issued:

June 26, 2014
July 11, 2014
[____________]

Responses issued:
June 26, 2014
July 11,, 2014
[____________]

Proposer certifies that its Proposal is submitted without reservation, qualification, assumptions or conditions (except for any express assumptions specifically and explicitly included in the RFP Documents). Proposer certifies that it has carefully examined and is fully familiar with all of the provisions of all of the RFP Documents, has reviewed all materials posted on the Website and the FTP Site, the Addenda and responses to questions, and is satisfied that the RFP Documents provide sufficient detail regarding the obligations to be performed by Toll System Provider and do not contain internal inconsistencies, errors or omissions; that it has carefully checked all the words, figures and statements in this Proposal; that it has conducted a Reasonable Investigation in preparing this Proposal; and that it has notified IFA in writing of any deficiencies or errors in or omissions from any RFP Documents or other documents provided by IFA and of any unusual site conditions observed prior to the date hereof.

Proposer represents that all statements made in the SOQ previously delivered to IFA (as amended and resubmitted) are true, correct and accurate as of the date hereof, except as otherwise specified in the enclosed Proposal and Proposal forms. Proposer agrees that such SOQ, except as modified by the enclosed Proposal and Proposal forms, is incorporated as if fully set forth herein.

Proposer understands that the Joint Board is not bound to award the Agreement to the best financial Proposal or any Proposal that IFA, on behalf of the Joint Board, may receive.

Proposer further understands that all costs and expenses incurred by it in preparing this Proposal and participating in the RFP process will be borne solely by the Proposer.

Subject to Proposer's rights under the Public Records Act, Proposer consents to disclosure by IFA and the Joint Board of its Proposal pursuant to Indiana Code 8-15.5-4-6(c) and Indiana Code 8-15.5-4-13 to any Persons, in IFA's sole discretion, after award of the Agreement and execution of the Agreement by the Joint Board and acknowledges and agrees to the provisions and deadlines set forth in ITP Section 1.8.4. Proposer acknowledges and agrees to the disclosure terms of the ITP and that observers and individuals may conduct reviews on behalf of USDOT and FHWA with respect to the successful Proposal. Proposer expressly waives any right to contest such disclosures.

Proposer agrees that none of IFA, the Joint Board or the States' Parties will be responsible for any errors, omissions, inaccuracies, inconsistencies or incomplete statements in this Proposal.

Proposer acknowledges the procurement protest procedures set forth in Section 6 of the ITP and agrees that if it files a protest of this procurement or award of an Agreement hereunder and that protest is denied or is otherwise unsuccessful, shall be liable to IFA for IFA's costs incurred to defend against or resolve the protest, including legal and consultant fees and costs, and any unavoidable damages sustained by IFA and the Joint Board as a consequence of the protest.

This Proposal shall be governed by and construed in all respects according to the laws of the State of Indiana.

Proposer's business address:

8260	Willow Oaks Corporate Drive	
(No.)	(Street)	(Floor or Suite)

Fairfax	VA	22031	United States of America
(City)	(State or Province)	(ZIP or Postal Code)	(Country)

State or Country of Incorporation/Formation/Organization: New York

[insert appropriate signature block from following pages]

1. Sample signature block for corporation or limited liability company:

[Insert the proposer's name]

By: ______________________

Print Name: Richard J. Bastan

Title: Vice President

2. Sample signature block for consortium, partnership or any other form of joint venture:

[Insert the proposer's name]

By: *[Insert general partner's or member's name]*

By: ______________________

Print Name: ______________________

Title: ______________________

[Add signatures of additional general partners or members as appropriate]

3. Sample signature block for attorney in fact:

[Insert the proposer's name]

By: ______________________

Print Name: ______________________

Attorney in Fact

ADDITIONAL INFORMATION TO BE PROVIDED WITH PROPOSAL LETTER:

A. If the Proposer is a corporation, enter the state or country of incorporation in addition to the business address. If the Proposer is a partnership, enter the state or country of formation. If the Proposer is a limited liability company, enter the state or country of organization.

B. Describe in detail the legal structure of the Proposer/Toll System Provider and Equity Members.

1. If Proposer/Toll System Provider/Equity Member is a corporation or includes a corporation as a joint venture member, partner or member, provide articles of incorporation and bylaws for the Proposer/Toll System Provider/Equity Member and each corporation certified by an appropriate individual. If any entity is not yet formed, so state and indicate that these documents will be provided prior to commercial close as required by the ITP.

2. If Proposer/Toll System Provider/Equity Member is a partnership or includes a partnership as a joint venture member, partner or member, attach full names and addresses of all partners and the equity ownership interest of each entity, provide the incorporation, formation and organizational documentation for the Proposer/Toll System Provider/Equity Member (partnership agreement and certificate of partnership for a partnership, articles of incorporation and bylaws for a corporation, operating agreement for a limited liability company and joint venture agreement for a joint venture) certified by an appropriate individual. If any entity is not yet formed, so state and indicate that these documents will be provided prior to commercial close as required by the ITP.

3. If Proposer/Toll System Provider/Equity Member is a consortium, joint venture or includes a joint venture as a joint venture member, partner or member, attach full names and addresses of all consortium or joint venture members and the equity ownership interest of each entity, provide the incorporation, formation and organizational documentation for Proposer/Toll System Provider/Equity Member (partnership agreement and certificate of partnership for a partnership, articles of incorporation and bylaws for a corporation, operating agreement for a limited liability company and joint venture agreement for a joint venture) certified by an appropriate individual. If any entity is not yet formed, so state and indicate that these documents will be provided prior to commercial close as required by the ITP.

4. If Proposer/Toll System Provider/Equity Member is a limited liability company or includes a limited liability company as a joint venture member, partner or member, attach full names and addresses of all members and the equity ownership interest of each entity, provide the incorporation, formation and organizational documentation for Proposer/Toll System Provider/Equity Member (partnership agreement and certificate of partnership for a partnership, articles of incorporation and bylaws for a corporation, operating agreement for a limited

liability company and joint venture) certified by an appropriate individual. Attach evidence to the Proposal Letter, in respect of the Proposal, and to each letter required under the Proposal Letter that the person signing has authority to do so. If any entity is not yet formed, so state and indicate that these documents will be provided prior to commercial close as required by the ITP. For purposes of clarity, Proposer may append to the Proposal Letter a letter from each person signing the Proposal that such person has the authority to do so, which shall suffice for the purposes of the requirements set forth in this Section B.4.

For purposes of this Section B, the term "organizational documentation" in respect of an Equity Member shall mean such entity's certificate of formation/articles of incorporation/certificate of partnership/joint venture agreement, or equivalent charter documentation; provided, further, that such entity shall provide its partnership agreement/operating agreement/bylaws/equivalent joint venture or investment fund internal governing organizational documentation prior to commercial close as required by the ITP.

C. With respect to authorization of execution and delivery of the Proposal and validity thereof, if Proposer is a corporation, it shall provide evidence in the form of a resolution of its governing body certified by an appropriate officer of the corporation. If Proposer is a partnership, such evidence shall be in the form of a partnership resolution and a general partner resolution (as to each general partner) providing such authorization, in each case, certified by an appropriate officer of the general partner. If Proposer is a limited liability company, such evidence shall be in the form of a limited liability company resolution and a managing member(s) resolution providing such authorization, certified by an appropriate officer of the managing member(s). If there is no managing member, each member shall provide the foregoing information. If Proposer is a consortium or other form of joint venture, such evidence shall be in the form of a resolution of each consortium or joint venture member, certified by an appropriate officer of such consortium or joint venture member. If Proposer is a consortium, joint venture or a partnership, the Proposal must be executed by all consortium or joint venture members or all general partners, as applicable. If the form used for authorization is other than a resolution, as described above, Proposer shall provide such other authorization document as is acceptable to the Joint Board, in its sole discretion.

D. Toll System Provider's partnership agreement, limited liability company operating agreement, charter or joint venture agreement, as applicable, must include an express provision satisfactory to the Joint Board, in its sole discretion, stating that, in the event of a dispute between or among joint venture members, partners, members or shareholders, as applicable, no joint venture member, partner, member or shareholder, as applicable, shall be entitled to stop, hinder or delay work on the Project. Proposers should submit the applicable agreement to IFA and identify on a cover page where in the agreement the provision can be found. If Toll System Provider is not yet formed, provide draft organizational documents and indicate where the provision is found.

CERTIFICATE OF ASSISTANT SECRETARY

I, Paul R. Webber, IV, in my capacity as Assistant Secretary of Xerox State & Local Solutions, Inc., a New York corporation ("Corporation"), am delivering this Certificate of Assistant Secretary to the State of Indiana Finance Authority ("Authority") in connection with that certain response to Request for Proposals to Provide, Operate, Manage, and Maintain a Toll Collection System and Provide Back Office Toll Collection and Customer Service for the Louisville-Southern Indiana Ohio River Bridges Project submitted by the Corporation to the Authority ("Proposal").

I do hereby certify that Richard Bastan is a duly appointed and acting Vice President of the Corporation, and in that capacity is authorized to sign the Proposal, and any documents associated therewith, on behalf of the Corporation.

IN WITNESS WHEREOF, I have set my hand to this Certificate as of this 23d day of July 2014.

XEROX STATE & LOCAL SOLUTIONS, INC.

By: Paul R. Webber

Paul R. Webber, IV, Assistant Secretary

Commonwealth of Virginia)
)
County of Fairfax)

This instrument was acknowledged before this 23d day of July 2014 by Paul R. Webber, IV, Assistant Secretary of Xerox State & Local Solutions, Inc., a New York corporation, on behalf of said Corporation.

Eric David Westrate

Notary Public, Commonwealth of Virginia

Eric David Westrate
NOTARY PUBLIC
Commonwealth of Virginia
Reg. # 7505826
My Commission Expires Nov. 30, 2015

FORM B-1

IDENTIFICATION OF PROPOSER AND EQUITY MEMBERS

NAME OF ENTITY AND CONTACT INFORMATION (address, representative, phone, fax, e-mail)	ROLE OF ENTITY IN PROPOSER ORGANIZATION	Indiana and Kentucky Contractor Licenses (if applicable)	Description of Work/Services To Be Performed By Entity (if applicable)
Xerox State & Local Solutions, Inc.	Prime Contractor	Indiana: 1988120245	Prime Contractor
8260 Willow Oaks Corporate Drive Fairfax, VA 22031		Kentucky: 0302230	
Richard J. Bastan, Vice President			
Phone: 301-820-4653 Fax: 301-820-4697			
E-Mail: rich.bastan@xerox.com			

The above information is true, correct and accurate.

Executed July 23, 2014.

(Signature)

Richard J. Bastan

(Name Printed)

Vice President

(Title)

Xerox State & Local Solutions, Inc.

(Proposer)

FORM B-2

INFORMATION ABOUT PROPOSER ORGANIZATION

1.0 Name of Proposer: Xerox State & Local Solutions, Inc.
Name of team member N/A

2.0 Type of entity: Proposer: Corporation
Team member: N/A

3.0 Proposer's address: 8260 Willow Oaks Corporate Drive
Fairfax, VA 22031

301-820-4653 — Telephone
301-820-4495 — Facsimile

4.0 How many years (measured from the date of issuance of the RFQ) has Proposer, each Equity Member and each Major Subcontractor been in its current line of business and how many years (measured from the date of issuance of the RFQ) has each entity been in business under its present name?

Name	No. of years in business	No. of years under present name
Xerox State & Local Solutions, Inc.	51	2

5.0 Under what other or former names have Proposer, Equity Members and Major Subcontractors operated?

Proposer: ACS State & Local Solutions, Inc.

Lockheed Martin IMS Corporation

Lockheed Martin Information Management Services

Lockheed Datacom Corporation

Datacom Systems Corporation

6.0 Proposer shall list below any Key Personnel and other key staff members and their relevant experience that have been approved by the Joint Board since the submission of Key Personnel under the ITP. Except as updated by the following information, Proposer's SOQ is hereby incorporated as if set forth in full and Proposer represents and warrants to the Joint Board that the information set forth in the SOQ, except as set forth herein, is true, complete and accurate in all respects and does not contain any misleading or incorrect information or omit to state a material fact necessary in order to make the information not misleading. Attach separate sheets if necessary.

Please see attached key personnel letter and personnel resumes.

7.0 List all Indiana and Kentucky licenses held by Proposer, any Equity Member and each Major Subcontractor. Attach copies of all Indiana and Kentucky licenses. Attach a separate sheet if necessary.

Please see attached copies of licenses.

8.0 The Proposal shall include the following information regarding the Surety/Bonding companies or banking institutions committing to provide the Payment and Performance Bonds in accordance with Section 8 of the Agreement:

(a) Name and address of bonding company(ies) that will provide the surety bonds required by the Agreement (must be an Eligible Surety)

(b) Whether or not the listed bonding company has defaulted on any obligation within the past ten years (measured from the date of issuance of the RFQ), and, if so, a description and details of the circumstances and the outcome of such default.

(c) If the performance security is in the form of a letter of credit, the name of the bank or financial institution issuing the letter of credit (must be an Eligible Financial Institution).

I declare under penalty of perjury under the laws of the State of Indiana that the foregoing declaration is true, correct and accurate.

Executed July 28, 2014

(Signature)

Richard J. Bastan

(Name Printed)

Vice President

(Title)

Xerox State & Local Solutions, Inc.

(Proposer)

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State of Indiana
Office of the Secretary of State

APPLICATION FOR AMENDED CERTIFICATE OF AUTHORITY

of

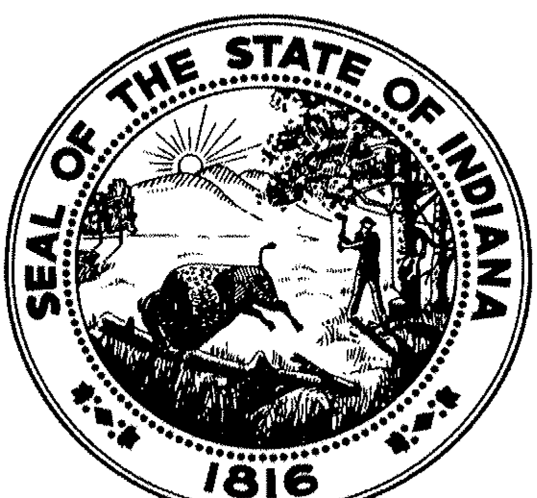
ACS STATE & LOCAL SOLUTIONS, INC.

I, CONNIE LAWSON, Secretary of State of Indiana, hereby certify that Application for Amended Certificate of Authority of the above New york For-Profit Foreign Corporation has been presented to me at my office, accompanied by the fees prescribed by law and that the documentation presented conforms to law as prescribed by the provisions of the Indiana Business Corporation Law.

The name following said transaction will be:

XEROX STATE & LOCAL SOLUTIONS, INC.

NOW, THEREFORE, with this document I certify that said transaction will become effective Friday, April 13, 2012.



In Witness Whereof, I have caused to be affixed my signature and the seal of the State of Indiana, at the City of Indianapolis, April 13, 2012.

Connie Lawson

CONNIE LAWSON,
SECRETARY OF STATE

1988120245 / 2012041693872

APPLICATION FOR AMENDED CERTIFICATE OF AUTHORITY

State Form 39034 (R9 / 2-11) Corporate Form No. 115
Approved by the State Board of Accounts, 2007

CHARLES P. WHITE
SECRETARY OF STATE
BUSINESS SERVICES DIVISION
302 W. Washington Street, Room E018
Indianapolis, Indiana 46204
Telephone: (317) 232-6576

12 APR 13 PM 3:41

NOTE: An Original Certificate of Existence duly authenticated by the proper authority from the corporation's domiciliary state within the last sixty (60) days must be submitted with this application.

Indiana Code 23-1-49-4; 23-17-26-4

Filing Fee: $ 30.00
Make check or money order payable to Secretary of State

INSTRUCTIONS:
1. *Use 8 1/2" x 11" white paper for attachments.*
2. *Present original and one copy to address in upper right corner of this form.*
3. *Please TYPE or PRINT.*
4. *Please visit our office on the web at www.sos.in.gov.*

APPLICATION FOR AMENDED CERTIFICATE OF AUTHORITY OF

APPROVED AND FILED
Connie Lawson
IND. SECRETARY OF STATE

ACS State & Local Solutions, Inc.
Name of Corporation

A FOREIGN CORPORATION ADMITTED TO TRANSACT BUSINESS IN INDIANA

The undersigned officers of ACS State & Local Solutions, Inc. *(hereinafter referred to as the "Corporation")*, which exists pursuant to the provisions of the laws of the State of New York as amended, desire to obtain an Amended Certificate of Authority.

1. The above Corporation received a Certificate of Authority to transact business in the State of Indiana on the 5th day of December, 20 1988.

2. The Corporation desires to change its corporate name in Indiana as follows:
Xerox State & Local Solutions, Inc.

3. The Corporation has changed the period of its duration from N/A to __________.

4. The Corporation has changed the state or country of its incorporation from N/A to __________.

5. The Corporation has converted the entity type to a N/A.

In Witness Whereof, the undersigned, being the Secretary (*Title*) of said Corporation executes this Application for Amended Certificate of Authority and verifies, subject to penalties of perjury, that the statements contained herein are true, this 3rd day of April, 20 12.

Signature	Printed name
J Michael Peffer	J. Michael Peffer, Secretary

0302230.09 dcornish AMD
Alison Lundergan Grimes
Kentucky Secretary of State
Received and Filed:
4/10/2012 10:15 AM
Fee Receipt: $40.00

COMMONWEALTH OF KENTUCKY
ELAINE N. WALKER, SECRETARY OF STATE

Division of Business Filings Business Filings PO Box 718 Frankfort, KY 40602 (502) 564-3490 www.sos.ky.gov	Amended Certificate of Authority (Foreign Business Entity) FCA

Pursuant to the provisions of KRS Chapter KRS 14A and 271B, 273, 274, 275, 362 or 386 the undersigned hereby applies for an amended certificate of authority on behalf of the entity named below and, for that purpose, submits the following statements:

1. The business entity is:
   - [x] profit corporation (KRS 271B).
   - [ ] professional service corporation (KRS 274).
   - [ ] limited liability company (KRS 275).
   - [ ] professional limited liability company (KRS 275).
   - [ ] nonprofit corporation (KRS 273).
   - [ ] business trust (KRS 386).
   - [ ] limited partnership (KRS 362).

2. The name of the company is: ACS STATE & LOCAL SOLUTIONS, INC.
   (The name must be identical to the name on record with the Secretary of State.)

3. It is an entity organized and existing under the laws of the state or country of NEW YORK.

4. The entity received authority to transact business in Kentucky on 06/29/1992.

5. The entity has changed its (check all that apply)
   - [x] Domicile name to XEROX STATE & LOCAL SOLUTIONS, INC.
   - [x] Name to be used in Kentucky to XEROX STATE & LOCAL SOLUTIONS, INC.
   - [ ] Jurisdiction of organization to
   - [ ] Period of duration
   - [ ] Form of organization

6. This application will be effective upon filing, unless a delayed effective date and/or time is provided. The effective date or the delayed effective date cannot be prior to the date the application is filed. The date and/or time is ______.
   (Delayed effective date and/or time)

I declare under penalty of perjury under the laws of the state of Kentucky that the foregoing is true and correct.

Signature of Authorized Representative	Printed Name	Title	Date
J. Michael Peffer	J. MICHAEL PEFFER	SECRETARY	03/08/12

(04/11)

Name of Subcontractor	Form of Entity (partnership, joint venture, LLC, corporation, etc.)	Entities with Ownership Interest	Percentage of Ownership Interest
Ex: Contractor AB, JV	Joint venture	Contractor A	60%
		Contractor B	40%

Add additional sheet(s) as necessary.

The undersigned Proposer hereby certifies that it has not entered into any substantive negotiations resulting in an agreement to enter into any Subcontracts with respect to the Project, except for those listed above. Proposer agrees that it will follow applicable Contract Documents requirements with respect to Subcontractors.

I declare under penalty of perjury under the laws of the State of Indiana that the foregoing declaration is true, correct and accurate.

Executed July 23, 2014.

(Signature)

Richard J. Bastan

(Name Printed)

Vice President

(Title)

Xerox State & Local Solutions, Inc.

(Proposer)

FORM C

RESPONSIBLE PROPOSER, EQUITY MEMBER AND MAJOR SUBCONTRACTOR QUESTIONNAIRE

PROPOSER'S NAME: Xerox State & Local Solutions, Inc.

NAME OF ENTITY ON WHOSE BEHALF FORM IS PROVIDED: Xerox State & Local Solutions, Inc.

1. Questions

Proposer/Equity Member/Major Subcontractor shall respond either "yes" or "no" to each of the following questions. If the response is "yes" to any question(s), a detailed explanation of the circumstances shall be provided in the space following the questions. Proposer/Equity Member/Major Subcontractor shall attach additional documentation as necessary to fully explain said circumstances. Failure to either respond to the questions or provide adequate explanations may preclude consideration of the proposal and require its rejection.

The term **"affiliate"** means parent companies at any tier, subsidiary companies at any tier, entities under common ownership, joint ventures and partnerships involving such entities (but only as to activities of joint ventures and partnerships involving the Proposer, any Equity Member or any Major Subcontractor as a joint venturer or partner and not to activities of other joint venturers or partners not involving the Proposer, any Equity Member or any Major Subcontractor), and other financially liable or responsible parties for the entity, that within the past five years (measured from the date of issuance of the RFQ) have engaged in business or investment in North America. The information sought for affiliates is limited to the projects and matters that have occurred within the past five years (measured from the date of issuance of the RFQ) in North America.

Within the past ten years (measured from the date of issuance of the RFQ), has the identified entity, any affiliate, or any officer, director, responsible managing officer or responsible managing employee of such entity or affiliate who has a proprietary interest in such entity:

a) Been disqualified, removed, debarred or suspended from performing work for the federal government, any state or local government, or any foreign governmental entity?

If yes, please explain the circumstances. If no, so state.

Yes ✔ No ___ Please see attached Response to Question 1.a.

b) Been convicted by a court of competent jurisdiction of any criminal charge of fraud, bribery, collusion, conspiracy or any act in violation of state, federal or foreign antitrust law in connection with the bidding or proposing upon, award of or performance of any public works contract with any public entity?

If yes, please explain the circumstances. If no, so state.

Yes ___ No ✔

c) Had filed against it, him or her, any criminal complaint, indictment or information alleging fraud, bribery, collusion, conspiracy or any action in violation of state or federal antitrust law in connection with the bidding or proposing upon, award of or performance of any public works contract with any public entity?

If yes, please explain the circumstances. If no, so state.

Yes ___ No ✔

d) Had filed against it, him or her, any civil complaint (including but not limited to a cross-complaint) or other claim arising out of a public works contract, alleging fraud, bribery, collusion, conspiracy or any act in violation of state or federal antitrust law in connection with the bidding or proposing upon, award of or performance of any public works contract with any public entity?

Yes ✔ No ___

e) Been found, adjudicated or determined by any federal or state court or agency (including, but not limited to, the Equal Employment Opportunity Commission, the Office of Federal Contract Compliance Programs and any applicable Indiana governmental agency) to have violated any laws or Executive Orders relating to employment discrimination or affirmative action, including but not limited to Title VII of the Civil Rights Act of 1964, as amended (42 U.S.C. Sections 2000e et seq.); the Equal Pay Act (29 U.S.C. Section 206(d)); and any applicable or similar Indiana law.

If yes, please explain the circumstances. If no, so state.

Yes ___ No ✔

f) Been found, adjudicated, or determined by any state court, state administrative agency, including, but not limited to, the Indiana Department of Labor and Workforce Development, federal court or federal agency, to have violated or failed to comply with any law or regulation of the United States or any state governing prevailing wages (including but not limited to payment for health and welfare, pension, vacation, travel time, subsistence, apprenticeship or other training, or other fringe benefits) or overtime compensation?

If yes, please explain the circumstances. If no, so state.

Yes ✔ No ___ Please see attached list of Wage-Law Violations Involving ACS/Xerox State & Local Solutions, Inc. ("ACS" or "Xerox") and Affiliates in the Past Ten Years

g) Been convicted of violating a state or federal law respecting the employment of undocumented aliens?

If yes, please explain the circumstances. If no, so state.

Yes ___ No ✔

h) Been indicted or convicted of any other felony or serious misdemeanor?

If yes, please explain the circumstances. If no, so state.

Yes ___ No ✔

i) Been found liable in a civil suit or found guilty in a criminal action for making any false claim or other material misrepresentation to a public entity?

If yes, please explain the circumstances. If no, so state.

Yes ___ No ✔

j) Performed or managed a construction project that involved repeated or multiple failures to comply with safety rules, regulations, or requirements?

If yes, please explain the circumstances. If no, so state.

Yes ___ No ✔

k) If not previously answered or included in a prior response on this form, been involved in any proceeding, claim, matter, suit, indictment, etc. currently pending against the firm that could result in the firm being found liable, guilty or in violation of the matters referenced above and/or subject to debarment, suspension, removal or disqualification by the federal government, any state or local government, or any foreign governmental entity?

If yes, please explain the circumstances. If no, so state.

Yes ___ No ✔

Explain the circumstances underlying any "yes" answers for the aforementioned questions on separate sheets attached hereto.

2. <u>Verification / Declaration</u>

I declare under penalty of perjury under the laws of the State of Indiana that the foregoing declaration is true, correct and accurate.

Executed July 23, 2014.

(Signature)

Richard J. Bastan

(Name Printed)

Vice President

(Title)

Xerox State & Local Solutions, Inc.

(Name of Organization)

Response to Question 1.a

Fulton County, Georgia Disqualification
To our knowledge, in March 2009, ACS Government Systems, Inc. (“ACS”) was disqualified as a bidder by Fulton County, Georgia. The disqualification was the sole result of the action of a proposed subcontractor’s employee’s breaching the Fulton County “no contact” procurement rule. The County acknowledged that ACS in no way initiated, directed, or had knowledge of the breach.

Maryland RetroDUR Proposal
On April 30, 2013, Xerox State Healthcare, LLC (“Xerox”) received a letter dated April 26, 2013 from the State of Maryland Department of Health and Mental Hygiene stating that Xerox’ proposal for the Drug Use Review Analyses, Evaluations and Interventions for Maryland Medicaid would not be considered, due to Xerox having taken an exception to a requirement in the RFP.

Market Line Chile Disbarment
In February 2012, an affiliate, Market Line Chile, was disbarred for two years from contracts with the Government of Chile due to anti-union activities.

Wage-Law Violations Involving ACS/Xerox State & Local Solutions, Inc. ("ACS" or "Xerox") and Affiliates in the Past Ten Years

Newark, NJ DOL Wage and Hour Investigation
The New Jersey Dept. of Labor initiated an investigation of ACS' payroll records at the Newark EZ Pass facility on December 23, 2006. The DOL determined that ACS was not in compliance with various New Jersey wage laws and mailed out questionnaires to all employees who worked between October 1, 2005 and December 31, 2005 to learn of any other issues they might have. On April 7, 2006, ACS was notified that the DOL would assess ACS just $500 in light of the corrective measures it had taken.

Cheshire, New Hampshire Department of Labor Wage and Hour Audit
The New Hampshire Department of Labor conducted an audit in 2007 of ACS and as a result sought back wages in the amount of $47,490.92 for 117 current and former help desk operators who had been classified as exempt prior to ACS' reclassifying them as non-exempt in February 2007.

Sump et al. v. Affiliated Computer Services, Inc. et al.
This class-action lawsuit was originally filed in the Superior Court of King County, Washington on June 24, 2008. On July 17, 2008, it was removed to the US District Court for the Western District of Washington, but on August 1, 2008 was ordered remanded back to the state court. On August 15, 2008, the parties agreed to submit the matter to arbitration. The plaintiffs in this case alleged that they were part of a class of current and past Verizon call-center employees in Washington State who were paid under Affiliated Computer Services, Inc.'s Activity-Based Compensation Plan ("ABC Plan"). The plaintiffs alleged that they were not paid for breaks, time it took them to locate and log into work stations, and the significant amount of time they spend engaged in non-transactional tasks, in violation of the Washington Wage Statute, the Washington Consumer Protection Act ("CPA"), a state industrial-welfare statute, and a provision of the Washington Administrative Code. They also alleged that the ABC Plan constituted an unfair trade practice under the CPA. This case was settled at meditation on April 28, 2010, with Affiliated Computer Services, Inc. paying approximately 4,000 current and former Washington employees on the ABC Plan. This case is concluded.

Claus v. ACS
In November 2008, a former ACS employee filed a complaint against ACS with the Oregon Bureau of Labor ("the Bureau"). Prior to the completion of the Bureau's investigation, the claimant requested the dismissal of the charge so that she could proceed with litigation. The Bureau granted her request and issued her a right-to-sue letter in April 2009. The complainant then filed suit on July 8, 2009 in the Circuit Court of Multnomah County, Oregon, alleging ACS' failure to accommodate her disabilities, retaliation under the Oregon Family Leave Act, and age, disability, and race discrimination. The suit was resolved by arbitration in September 2010, with the arbitrator finding in favor of the complainant, but awarding her far less than she had sought. This matter is concluded.

Albany, New York Department of Labor Wage and Hour Audit
The New York Department of Labor ("NY DOL") conducted an onsite inspection on October 28, 2009, and found ACS to be in violation of New York law that specifies that employees must be provided meal breaks between 11 AM and 2 PM. ACS took prompt remedial action to ensure future compliance, and the NY DOL decided against assessing any fine or penalty.

Claus v. ACS
In November 2008, a former ACS employee filed a complaint against ACS with the Oregon Bureau of Labor ("the Bureau"). Prior to the completion of the Bureau's investigation, the claimant requested the dismissal of the charge so that she could proceed with litigation. The Bureau granted her request and issued her a right-to-sue letter in April 2009. The complainant then filed suit on July 8, 2009 in the Circuit Court of Multnomah County, Oregon, alleging ACS' failure to accommodate her disabilities, retaliation under the Oregon Family Leave Act, and age, disability, and race discrimination. The suit was resolved by arbitration in September 2010, with the arbitrator finding in favor of the complainant, but awarding her far less than she had sought. This matter is concluded.

Bell et al. v. Xerox Business Solutions, LLC et al.
This was a class-action lawsuit filed in the US District Court for the District of Oregon on November 6, 2009 alleging failure to pay wages, failure to pay overtime wages, and failure to timely pay wages at termination. Xerox Commercial Solutions, LLC was also one of the defendants. Two attempts to resolve this dispute through mediation were unsuccessful. Following a third mediation, however, the parties reached a settlement that resulted in payouts being made to three separate subgroups of employees. In October 2012, the Court approved this settlement and dismissed the case with prejudice. This case is concluded.

Valenzuela v. Affiliated Computer Services, Inc.
This was a class-action lawsuit filed in the Superior Court of Los Angeles County, California on February 16, 2010 on behalf of all employees of Affiliated Computer Services, Inc. in the State of California who were issued a pay card to receive their wages. The Plaintiff alleged that she was not provided with the opportunity to receive her pay "without discount" because a fee was assessed against the balance on her card when she attempted to draw cash from it. With respect to the members of the class, the complaint sought penalties under the California Private Attorney Generals Act for violations of California Labor Code § 212. The complaint also alleged that ACS had violated the unfair competition provisions of the California Business and Professional Code when it violated California Labor Code § 212. This case was referred to mediation, where it was settled in February 2011. The settlement included, *inter alia*, a fund to pay the approximately 1,600 class members who used an Affiliated Computer Services, Inc. pay card in California from December 2006 to January 2011. This case is concluded.

Austin Wage and Hour Audit
On April 15, 2010, ACS received a Notice of Inspection from the US Department of Labor, Employee Standards Administration, Wage and Hour Division ("DOL"), regarding an Affiliated Computer Services, Inc. facility in Austin, Texas. The DOL investigator requested standard payroll information for the worksite as well as specific information on its piece-rate employees. The DOL originally calculated back pay for thirty-six employees that it claimed had been misclassified. Affiliated Computer Services, Inc. was able to persuade the DOL that four of these employees had in fact been properly classified; it then agreed to pay back wages to the remaining thirty-two current and former employees, which it did in July 2011. This matter is concluded.

Cary, North Carolina Federal Wage & Hour Audit
On October 12, 2010, ACS Commercial Solutions, Inc. received a Notice of Inspection from the US Department of Labor, Employee Standards Administration, Wage and Hour Division ("DOL"), requesting a full audit of an ACS facility in Cary, North Carolina. The investigator requested payroll and employee data for the period from October 20, 2008 through October 18, 2010. On January 12, 2011, ACS agreed to pay 231 current and former employees at the facility a total of $13,282.05 in additional overtime. ACS Commercial Solutions, Inc.'s overtime calculations had not spread production bonuses across the entire pay period, thus resulting in the underpayment of overtime. This matter is concluded.

Anthony v. Xerox Business Services, LLC
In 2012, the Connecticut Department of Labor ("CT DOL") issued a notice of violation and penalty against Xerox Business Services, LLC ("XBS"), finding that it owed unpaid wages and interest to a former employee. The former employee was at that time engaged in litigation against XBS regarding a discrimination claim. XBS objected to the penalty and the method used for calculating the wages. The CT DOL agreed to forego the penalty and accepted XBS' calculations for wages and interest, which totaled a lesser amount.

Houston Wage & Hour Audit (Hayes Road Call Center)
On February 22, 2012, Xerox Business Solutions, LLC ("XBS") received a Notice of Inspection from the US Department of Labor, Wage and Hour Division ("DOL"). The DOL investigator requested payroll and hour information for all employees at an XBS facility in Houston, Texas since February 22, 2010. This investigation was a standard general inspection of the site. On November 28, 2012, the investigator informed XBS that it owed $125,594 to 1,163 current and former employees at the site, based on XBS' failure to pay for short log-off periods as hours worked. XBS was also informed that, because all hours were not accounted for in the original payroll data, it would be deemed to have violated the recordkeeping regulations of the Fair Labor Standards Act ("FLSA"). XBS agreed to pay the back wages. This matter is concluded.

FORM D

NON-COLLUSION AFFIDAVIT

STATE OF Maryland)
)SS:
COUNTY OF Montgomery)

Each of the undersigned, being first duly sworn, deposes and says that:

A. Richard J. Bastan is the Vice President of Xerox State & Local Solutions, Inc., the entity making the foregoing Proposal.

B. The Proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, joint venture, limited liability company or corporation; the Proposal is genuine and not collusive or sham; the Proposer has not directly or indirectly induced or solicited any other Proposer to put in a false or sham Proposal, and has not directly or indirectly colluded, conspired, connived or agreed with any Proposer or anyone else to put in a sham Proposal or that anyone shall refrain from proposing; Proposer has not in any manner, directly or indirectly, sought by agreement, communication or conference with anyone to fix the prices of Proposer or any other Proposer, or to fix any overhead, profit or cost element (including the Contract Price or its components) included in the Proposal, or of that of any other Proposer, or to secure any advantage against the Joint Board or anyone interested in the proposed agreement; all statements contained in the Proposal are true; and, further, Proposer has not, directly or indirectly, submitted its prices or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company, association, joint venture, limited liability company, organization, Proposal depository or any member, partner, joint venture member or agent thereof to effectuate a collusive or sham Proposal.

C. Proposer will not, directly or indirectly, divulge information or data regarding the price or other terms of its Proposal to any other Proposer, or seek to obtain information or data regarding the price or other terms of any other Proposal, until after award of the Agreement or rejection of all Proposals and cancellation of the RFP.

(Signature)	(Signature)
Richard J. Bastan	N/A
(Name Printed)	(Name Printed)
Vice President	N/A
(Title)	(Title)

Subscribed and sworn to before me this 23rd day of July, 2014.

DANIELLE NICOLE HOLTZER
Notary Public
Frederick County, Maryland
My Commission Expires 01/04/2016

Danielle Nicole Holtzer
Notary Public in and for
said County and State

[Seal]

My commission expires: 01/04/2016.

[Duplicate or modify this form as necessary so that it accurately describes (i) the entity making the Proposal and so that it is signed by and on behalf of all partners, members, joint venture members, and (ii) Equity Members of the Proposer.]

FORM E

BUY AMERICA CERTIFICATION

(To be signed by authorized signatory(ies) of Proposer)

The undersigned Proposer hereby certifies on behalf of itself and all contractors (at all tiers) the following with regard to the Project:

a. Proposer shall comply with the Federal Highway Administration ("FHWA") Buy America Requirements of 23 CFR 635.410, which permits FHWA participation in the Agreement only if domestic steel and iron will be used on the Project. To be considered domestic, all steel and iron used and all products manufactured from steel and iron must be produced in the United States and all manufacturing processes, including application of a coating, for these materials must occur in the United States. Coating includes all processes that protect or enhance the value of the material to which the coating is applied. This requirement does not preclude a minimal use of foreign steel and iron materials, provided the cost of such materials does not exceed 0.1% of the design-build contract price.

b. A false certification is a criminal act in violation of 18 U.S.C. 1001. Should this Agreement be investigated, Proposer has the burden of proof to establish that it is in compliance.

c. At Proposer's request, the Joint Board may, but is not obligated to, seek a waiver of Buy America requirements if grounds for the waiver exist. However, Proposer certifies that it will comply with the applicable Buy America requirements if a waiver of those requirements is not available or not pursued by the Joint Board.

Date: July 28, 2014

Signature: [signature]

Title: Vice President

Proposer's Name: Xerox State & Local Solutions, Inc.

Surety / Financial Institution Information

REQUIREMENT: ITP Exhibit B, 3.2.7, p. B-4

Information regarding our Surety is provided below.

Name and Address of Surety: Westchester Fire Insurance Company, 436 Walnut Street, Philadelphia, PA 19106

The above-named surety has not defaulted on any obligations in the past ten years. The required letter from the Surety with regard to the Performance and Payment Bonds for the project is attached.

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ACE USA - Surety

525 West Monroe Street, Suite 500
Chicago, IL 60661
Phone: 312-775-7907 Fax: 312-775-3141

July 14, 2014

Indiana Finance Authority / Joint Board
One North Capital Avenue, Suite 900
Indianapolis, Indiana 46204

RE: Xerox State & Local Solutions, Inc.
Request For Proposal – Toll Services Agreement
A Project of The Louisville-Southern Indiana Ohio River Bridges Joint Board
To Provide, Operate, Manage, and Maintain a Toll Collection System and Provide Back Office Toll Collection and Customer Service For Louisville-Southern Indiana Ohio River Bridges

To Whom It May Concern:

This is to advise that if Xerox State & Local Solutions, Inc. is a successful bidder to the above captioned project, then we, Westchester Fire Insurance Company, are prepared to write the required Performance and Payment bond in an amount equal to 100% of the Total Toll Collection System Capital Price through Final System Acceptance in compliance with Section 8.1 of the Agreement and 5.1.1 (c) of the ITP. All bonds will be issued on an annually renewable basis.

The Surety has reviewed the RFP (including the ITP) and any addenda and has evaluated the backlog and work in progress for the entity for which it will provide the bonds in determining its willingness to issue the Performance Bond(s) and Payment Bond(s).

The issuance of any bond(s) is subject to award and execution of the Agreement and issuance of the NTP thereunder and the Surety has reserved its right to reasonably approve any material adverse changes made to the Agreement or the Technical Requirements following the date of the letter but excluding any changes of information reflected in the Proposal, such as Proposal commitments.

Sincerely,

Westchester Fire Insurance Company

Lisa Ward

Lisa Ward
Attorney-In-Fact

Power of Attorney

WESTCHESTER FIRE INSURANCE COMPANY

Know all men by these presents: That **WESTCHESTER FIRE INSURANCE COMPANY,** a corporation of the Commonwealth of Pennsylvania pursuant to the following Resolution, adopted by the Board of Directors of the said Company on December 11, 2006, to wit:

"RESOLVED, that the following authorizations relate to the execution, for and on behalf of the Company, of bonds, undertakings, recognizances, contracts and other written commitments of the Company entered into the ordinary course of business (each a "Written Commitment"):

(1) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise.

(2) Each duly appointed attorney-in-fact of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise, to the extent that such action is authorized by the grant of powers provided for in such persons written appointment as such attorney-in-fact.

(3) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to appoint in writing any person the attorney-in-fact of the Company with full power and authority to execute, for and on behalf of the Company, under the seal of the Company or otherwise, such Written Commitments of the Company as may be specified in such written appointment, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.

(4) Each of the Chairman, the President and Vice Presidents of the Company in hereby authorized, for and on behalf of the Company, to delegate in writing any other officer of the Company the authority to execute, for and on behalf of the Company, under the Company's seal or otherwise, such Written Commitments of the Company as are specified in such written delegation, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.

(5) The signature of any officer or other person executing any Written Commitment or appointment or delegation pursuant to this Resolution, and the seal of the Company, may be affixed by facsimile on such Written Commitment or written appointment or delegation.

FURTHER RESOLVED, that the foregoing Resolution shall not be deemed to be an exclusive statement of the powers and authority of officers, employees and other persons to act for and on behalf of the Company, and such Resolution shall not limit or otherwise affect the exercise of any such power or authority otherwise validly granted or vested.

Does hereby nominate, constitute and appoint Donna L Williams, Jennifer Copeland, Lisa Ward, Lupe Tyler, Margaret Buboltz, Michael J Herrod, Nancy Thomas, Stephenie Whittington, Vanessa Dominguez, Wendy Stuckey, all of the City of HOUSTON, Texas, each individually if there be more than one named, its true and lawful attorney-in-fact, to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof in penalties not exceeding Twenty Five million dollars & zero cents ($25,000,000.00) and the execution of such writings in pursuance of these presents shall be as binding upon said Company, as fully and amply as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office,

IN WITNESS WHEREOF, the said Stephen M. Haney, Vice-President, has hereunto subscribed his name and affixed the Corporate seal of the said **WESTCHESTER FIRE INSURANCE COMPANY** this 8 day of April 2014.

WESTCHESTER FIRE INSURANCE COMPANY

WESTCHESTER FIRE INSURANCE CO.

Steph M. Haney

Stephen M. Haney , Vice President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF PHILADELPHIA ss.

On this 8 day of April, AD. 2014 before me, a Notary Public of the Commonwealth of Pennsylvania in and for the County of Philadelphia came Stephen M. Haney ,Vice-President of the **WESTCHESTER FIRE INSURANCE COMPANY** to me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged that he executed the same, and that the seal affixed to the preceding instrument is the corporate seal of said Company; that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Philadelphia the day and year first above written.

KAREN E. BRANDT NOTARY PUBLIC COMMONWEALTH

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
KAREN E. BRANDT, Notary Public
City of Philadelphia, Phila. County
My Commission Expires September 26, 2014

Karen E Brandt

Notary Public

I, the undersigned Assistant Secretary of the **WESTCHESTER FIRE INSURANCE COMPANY,** do hereby certify that the original POWER OF ATTORNEY, of which the foregoing is a substantially true and correct copy, is in full force and effect.

In witness whereof, I have hereunto subscribed my name as Assistant Secretary, and affixed the corporate seal of the Corporation, this 14th day of July, 2014.

WESTCHESTER FIRE INSURANCE CO.

William L. Kelly

William L. Kelly, Assistant Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER April 08, 2016.

FORM F

CONFLICT OF INTEREST DISCLOSURE STATEMENT

Proposer's attention is directed to 23 CFR Part 636, Subpart A and in particular to Subsection 636.116 regarding organizational conflicts of interest. Section 636.103 defines "organizational conflict of interest" as follows:

> Organizational conflict of interest means that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the owner, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

Proposers are advised that in accordance with Section 2.10.2 of the Instructions to Proposers, certain firms will not be allowed to participate on any Proposer's team for the Project because of their work with IFA, the Joint Board or any States' Party in connection with the Project procurement and document preparation.

1. Disclosure Pursuant to Section 636.116(2)(v)

In the space provided below, and on supplemental sheets as necessary, identify all relevant facts relating to past, present, or planned interest(s) of the Proposer's team (including the Proposer, Toll System Provider, the Major Subcontractors, proposed consultants and proposed subcontractors, and their respective chief executives, directors, and key project personnel) which may result, or could be viewed as, an organizational conflict of interest in connection with this RFP. If no disclosure is necessary, indicate "None".

Proposer should disclose (a) any current contractual relationships with IFA, the Joint Board and the other States' Parties, (b) any past, present, or planned contractual or employment relationships with any member, officer, or employee of IFA, the Joint Board and the other States' Parties; and (c) any other circumstances that might be considered to create a financial interest in the contract by any member, officer, or employee of IFA, the Joint Board and the other States' Parties if Proposer is awarded the contract. Proposer should also disclose matters such as ownership of 10% or more of the stock of, or having directors in common with, any of the RFP preparers. Proposer should also disclose contractual relationships with an RFP preparer in the nature of a joint venture, as well as relationships wherein the RFP preparer is a contractor or consultant (or subcontractor or subconsultant) to Proposer or a member of Proposer's team. The foregoing is provided by way of example, and shall not constitute a limitation on the disclosure obligations.

2. Explanation

In the space provided below, and on supplemental sheets as necessary, identify steps that have been or will be taken to avoid, neutralize, or mitigate any organizational conflicts of interest described herein.

3. Certification

The undersigned hereby certifies that, to the best of his or her knowledge and belief, no interest exists that is required to be disclosed in this Conflict of Interest Disclosure Statement, other than as disclosed above.

Signature

Richard J. Bastan

Name

Vice President

Title

Xerox State & Local Solutions, Inc.

Company Name

July 28, 2014

Date

FORM H

EQUAL EMPLOYMENT OPPORTUNITY CERTIFICATION

[To be executed by the Proposer, Equity Members, and proposed Major Subcontractors]

The undersigned certifies on behalf of Xerox State & Local Solutions, Inc., that:
(Name of entity making certification)

[check one of the following boxes]

☑ It has developed and has on file at each establishment affirmative action programs pursuant to 41 CFR Part 60-2 (Affirmative Action Programs).

☐ It is not subject to the requirements to develop an affirmative action program under 41 CFR Part 60-2 (Affirmative Action Programs).

[check one of the following boxes]

☐ It has not participated in a previous contract or subcontract subject to the equal opportunity clause described in Executive Orders 10925, 11114 or 11246.

☑ It has participated in a previous contract or subcontract subject to the equal opportunity clause described in Executive Orders 10925, 11114 or 11246 and, where required, it has filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance, a Federal Government contracting or administering agency, or the former President's Committee on Equal Employment Opportunity, all reports due under the applicable filing requirements.

Signature: [signature]

Title: Vice President

Date: July 28, 2014

If not Proposer, relationship to Proposer: ____________________

Note: The above certification is required by the Equal Employment Opportunity Regulations of the Secretary of Labor (41 CFR 60-1.7(b)(1)), and must be submitted by Proposers only in connection with contracts which are subject to the equal opportunity clause. Contracts that are exempt from the equal opportunity clause are set forth in 41 CFR 60-1.5. (Generally, only contracts of $10,000 or under are exempt.)

Currently, Standard Form 100 (EEO-1) is the only report required by Executive Orders or their implementing regulations.

Proposers, Equity Members, Major Non-Equity Members or proposed Major Subcontractors who have participated in a previous contract subject to the Executive Orders and have not filed the required reports should note that 41 CFR 60-1.7(b)(1) prevents the award of contracts and subcontracts unless such contractor submits a report covering the delinquent period or such other period specified by the Federal Highway Administration or by the Director, Office of Federal Contract Compliance, U.S. Department of Labor.

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FORM I

USE OF CONTRACT FUNDS FOR LOBBYING CERTIFICATION

The undersigned Proposer ✔ Equity Member ____ proposed Major Subcontractor ___certifies on behalf of itself the following:

1. The undersigned certifies, to the best of its knowledge and belief, that:

   a. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

   b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, and shall include a copy of said form in its proposal or bid, or submit it with the executed Agreement or Subcontract.

2. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

3. The undersigned shall require that the language of this certification be included in all lower tier subcontracts which exceed $100,000 and that all such recipients shall certify and disclose accordingly.

4. The undersigned certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the undersigned understands and agrees that the provisions of 31 U.S.C. §3801, et seq., apply to this certification and disclosure, if any.

[Note: Pursuant to 31 U.S.C. §1352(c)(1)-(2)(A), any person who makes a prohibited expenditure or fails to file or amend a required certification or disclosure form shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each expenditure or failure.]

Date: July 28, 2014

Firm/Entity: Xerox State & Local Solutions, Inc.

Signature: mf

Title: Vice President

Proposer: Xerox State & Local Solutions, Inc.

[Copy this form and modify as needed for execution by Proposer, Equity Members, Major Subcontractors, and all proposed Subcontractors]

FORM J

DEBARMENT AND SUSPENSION CERTIFICATION

The undersigned Proposer certifies on behalf of itself and all Equity Members, joint venturers and Subcontractors the following:

The undersigned certifies to the best of its knowledge and belief, that it and its principals:

a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;

b. Have not within a 3-year period preceding this Proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in paragraph 1b of this certification; and

d. Have not within a 3-year period preceding this application/proposal had one or more public transactions (federal, state or local) terminated for cause or default.

Where Proposer is unable to certify to any of the statements in this certification, it shall attach a certification to its Proposal or bid stating that it is unable to provide the certification and explaining the reasons for such inability.

Date: July 28, 2014

Proposer: Xerox State & Local Solutions, Inc.

Signature:

Title: Vice President

CERTIFICATE OF LIABILITY INSURANCE

ACORD®

DATE (MM/DD/YYYY): 07/16/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Marsh USA, Inc.
1166 Avenue of the Americas
New York, NY 10036

303099-.-CRIME-13-14

CONTACT NAME:
PHONE (A/C, No, Ext): | FAX (A/C, No):
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : National Union Fire Ins Co Pittsburgh PA	19445
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
XEROX CORPORATION AND ITS SUBSIDIARIES
45 GLOVER AVENUE
NORWALK, CT 06850

COVERAGES CERTIFICATE NUMBER: NYC-006900778-01 REVISION NUMBER: 1

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS / SCHEDULED AUTOS HIRED AUTOS / NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR EXCESS LIAB / CLAIMS-MADE DED / RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					WC STATU-TORY LIMITS / OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Fidelity Bond/Blanket Crime Coverage			01-308-90-38	08/18/2013	08/18/2014	Limit:	5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Re: RFP to provide, operate, manage & maintain a toll collection system and provide back office toll collection & customer service for the Louisville-Southern Indiana Ohio River Bridges Project through a toll services agreement.
Xerox Business Entity: Xerox State & Local Solutions, Inc.

CERTIFICATE HOLDER

Louisville Southern Indiana
Ohio River Bridges
Indiana Finance Authority / Joint Board
One North Capital Avenue, Suite 900
Indianapolis, IN 46204

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
of Marsh USA Inc.
Robert L. Salinardo

CERTIFICATE OF LIABILITY INSURANCE

ACORD®

DATE (MM/DD/YYYY) 07/16/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
MARSH USA, INC.
1166 AVENUE OF THE AMERICAS
NEW YORK, NY 10036
Attn: ACS.CertRequest@marsh.com

303099-ALL-CAS-14-15

INSURED
*XEROX BUSINESS SERVICES LLC
D/B/A AFFILIATED COMPUTER SERVICES LLC
2828 N. HASKELL AVENUE
DALLAS, TX 75204

CONTACT NAME:
PHONE (A/C, No, Ext): FAX (A/C, No):
E-MAIL ADDRESS:

	INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A :	ACE American Insurance Company	22667
INSURER B :	St. Paul Fire & Marine Ins Co	24767
INSURER C :	Indemnity Ins Co Of North America	43575
INSURER D :		
INSURER E :		
INSURER F :		

COVERAGES **CERTIFICATE NUMBER:** NYC-006900771-02 **REVISION NUMBER:** 4

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY PRO-JECT LOC			HDO G27329445	01/01/2014	01/01/2015	EACH OCCURRENCE	$ 2,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 2,000,000
							MED EXP (Any one person)	$ N/A
							PERSONAL & ADV INJURY	$ 2,000,000
							GENERAL AGGREGATE	$ 10,000,000
							PRODUCTS - COMP/OP AGG	$ INCLUDED
								$
A	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS			ISA H08815586	01/01/2014	01/01/2015	COMBINED SINGLE LIMIT (Ea accident)	$ 2,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $			ZUP-12P63747-14-NF	01/01/2014	01/01/2015	EACH OCCURRENCE	$ 18,000,000
							AGGREGATE	$ 18,000,000
								$
C A A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N: N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		WLR C47876710 (AOS) WLR C47876709 (AZ, CA and MA) SCF C47876722 (WI)	01/01/2014 01/01/2014 01/01/2014	01/01/2015 01/01/2015 01/01/2015	X WC STATU-TORY LIMITS OTH-ER	
							E.L. EACH ACCIDENT	$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Re: RFP to provide, operate, manage & maintain a toll collection system and provide back office toll collection & customer service for the Louisville-Southern Indiana Ohio River Bridges Project through a toll services agreement.
Xerox Business Entity: Xerox State & Local Solutions, Inc.
The Joint Board is additional insured under the above general liability and auto liability but only with respects to liability arising from negligent acts or omissions of Xerox Business Services, LLC and to the extent where required by written contract. Waiver of subrogation in favor of certificate holder applies as required by written contract.

CERTIFICATE HOLDER

Louisville Southern Indiana
Ohio River Bridges
Indiana Finance Authority / Joint Board
One North Capital Avenue, Suite 900
Indianapolis, IN 46204

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
of Marsh USA Inc.
Jessica A. May

Jessica A. May

ACORD 25 (2010/05)

ACORD® CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY) 07/17/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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Holder Identifier :

PRODUCER	CONTACT NAME:	
Aon Risk Services Northeast, Inc. New York NY Office 199 Water Street New York NY 10038-3551 USA	PHONE (A/C. No. Ext): (866) 283-7122	FAX (A/C. No.): (800) 363-0105
	E-MAIL ADDRESS:	

INSURED	INSURER(S) AFFORDING COVERAGE	NAIC #
Xerox Business Services, LLC. dba Affiliated Computer Services 2828 N. Haskell Ave. Dallas TX 75204 USA	INSURER A: AIG Specialty Insurance Company	26883
	INSURER B: QBE Insurance Corporation	39217
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** 570054621968 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. **Limits shown are as requested**

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS / SCHEDULED AUTOS HIRED AUTOS / NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	
	UMBRELLA LIAB / OCCUR EXCESS LIAB / CLAIMS-MADE DED / RETENTION						EACH OCCURRENCE AGGREGATE	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					PER STATUTE / OTH-ER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT	
A	E&O-PL-Primary			011818900 SIR applies per policy terms & conditions	05/26/2014	05/26/2015	Aggregate	$10,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: Rfp. to Provide, Operate, Manage, & Maintain a Toll Collection System and Provide Back Office Toll Collection & Customer Service for The Louisville-Southern Indiana Ohio River Bridges Project Through a Toll Services Agreement. Xerox Business Entity: Xerox State & Local Solutions, Inc. The policy evidenced above includes coverage for Cyber Risk Liability.

Certificate No : 570054621968

CERTIFICATE HOLDER	CANCELLATION
Louisville Southern Indiana Ohio River Bridges Indiana Finance Authority - Joint Board One North Capital Avenue, Suite 900 Indianapolis IN 46204 USA	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE *Aon Risk Services Northeast, Inc.*

AGENCY CUSTOMER ID: 10767325

LOC #:

ADDITIONAL REMARKS SCHEDULE

AGENCY	NAMED INSURED
Aon Risk Services Northeast, Inc.	Xerox Business Services, LLC. dba
POLICY NUMBER	
See Certificate Number: 570054621968	
CARRIER / NAIC CODE	EFFECTIVE DATE:
See Certificate Number: 570054621968	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER	
INSURER	
INSURER	
INSURER	

ADDITIONAL POLICIES If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
	OTHER							
B	E&O-PL-XS			QPL0008308 $10M x $10M	05/26/2014	05/26/2015	Aggregate	$5,000,000

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	Letter Accepting Joint and Several Liability, if Applicable	N/A
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	Form H, Equal Employment Opportunity Certification	-
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C	Financial Information	
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Volume 2 – Technical Response and Preliminary Project Schedule

	Title	Page Numbers of Confidential Information
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Price Proposal

Title	Page Numbers of Confidential Information
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A Form G, Price Forms	All workbook pages
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FORM N

AFFIDAVIT FOR BIDDERS

Solicitation/Contract #: Toll Services ITP

REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS

FOR BIDS AND CONTRACTS IN GENERAL:

I. Each bidder or offeror swears and affirms under penalty of perjury, that:

   a. In accordance with KRS 45A.110 and KRS 45A.115, neither the bidder or offeror as defined in KRS 45A.070(6), nor the entity which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth of Kentucky; and the award of a contract to the bidder or offeror or the entity which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.

   b. The bidder or offeror swears and affirms under penalty of perjury that, to the extent required by Kentucky law, the entity bidding, and all subcontractors therein, are aware of the requirements and penalties outlined in KRS 45A.485; have properly disclosed all information required by this statute; and will continue to comply with such requirements for the duration of any contract awarded.

   c. The bidder or offeror swears and affirms under penalty of perjury that, to the extent required by Kentucky law, the entity bidding, and its affiliates, are duly registered with the Kentucky Department of Revenue to collect and remit the sales and use tax imposed by KRS Chapter 139, and will remain registered for the duration of any contract awarded.

   d. The bidder or offeror swears and affirms under penalty of perjury that the entity bidding is not delinquent on any state taxes or fees owed to the Commonwealth of Kentucky and will remain in good standing for the duration of any contract awarded.

FOR "NON-BID" CONTRACTS (I.E. SOLE-SOURCE; NOT-PRACTICAL OR FEASIBLE TO BID; OR EMERGENCY CONTRACTS, ETC):

II. Each contractor further swears and affirms under penalty of perjury, that:

   a. In accordance with KRS 121.056, and if this is a non-bid contract, neither the contractor, nor any member of his/her immediate family having an interest of 10% or more in any business entity involved in the performance of any contract awarded, have contributed more than the amount specified in KRS 121.150 to the campaign of the gubernatorial slate elected in the election last preceding the date of contract award.

   b. In accordance with KRS 121.330(1) and (2), and if this is a non-bid contract, neither the contractor, nor officers or employees of the contractor or any entity affiliated with the contractor, nor the spouses of officers or employees of the contractor or any entity affiliated with the contractor, have knowingly contributed more than $5,000 in aggregate to the campaign of a candidate elected in the election last preceding the date of contract award that has jurisdiction over this contract award.

c. In accordance with KRS 121.330(3) and (4), and if this is a non-bid contract, to the best of his/her knowledge, neither the contractor, nor any member of his/her immediate family, his/her employer, or his/her employees, or any entity affiliated with any of these entities or individuals, have directly solicited contributions in excess of $30,000 in the aggregate for the campaign of a candidate elected in the election last preceding the date of contract award that has jurisdiction over this contract.

As a duly authorized representative for the bidder, offeror, or contractor, I have fully informed myself regarding the accuracy of all statements made in this affidavit, and acknowledge that the Commonwealth is reasonably relying upon these statements, in making a decision for contract award and any failure to accurately disclose such information may result in contract termination, repayment of funds and other available remedies under law.

[signature]	Richard J. Bastan
Signature	Printed Name
Vice President	July 28, 2014
Title	Date

Company Name: Xerox State & Local Solutions, Inc.

Address: 8260 Willow Oaks Corporate Drive
Fairfax, VA 22031

Subscribed and sworn to before me by Richard J. Bastan (Affiant) Vice President (Title)

of Xerox State & Local Solutions, Inc. (Company Name) this 23rd day of July, 2014.

Danielle Nicole Holtzer
Notary Public

[seal of notary]

My commission expires: 01/04/2016

DANIELLE NICOLE HOLTZER
Notary Public
Frederick County, Maryland
My Commission Expires 01/04/2016

N. Y. S. DEPARTMENT OF STATE
DIVISION OF CORPORATIONS AND STATE RECORDS — ALBANY, NY 12231-0001

FILING RECEIPT

===

ENTITY NAME: XEROX STATE & LOCAL SOLUTIONS, INC.

DOCUMENT TYPE: AMENDMENT (DOMESTIC BUSINESS) — COUNTY: ALBA
COUNTY PURPOSES NAME RESTATED

===

FILED:04/02/2012 DURATION:********* CASH#:120402000226 FILM #:120402000208

FILER:

KATHY BROWN
2828 N. HASKELL AVE.
BUILDING 1, 9TH FLOOR
DALLAS, TX 75204

ADDRESS FOR PROCESS:

REGISTERED AGENT:

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SERVICE COMPANY: CORPORATION SERVICE COMPANY - 45 — SERVICE CODE: 45

FEES	370.00
FILING	60.00
TAX	0.00
CERT	0.00
COPIES	10.00
HANDLING	300.00

PAYMENTS	370.00
CASH	0.00
CHECK	0.00
CHARGE	0.00
DRAWDOWN	370.00
OPAL	0.00
REFUND	0.00

===

149254AJC — DOS-1025 (04/2007)

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

STATE OF NEW YORK ★ DEPARTMENT OF STATE ★
EXCELSIOR

WITNESS my hand and official seal of the Department of State, at the City of Albany, on April 2, 2012.

Daniel E. Shapiro
First Deputy Secretary of State

Rev. 06/07

120402000208

CSC 45
DRAW DOWN

Restated Certificate of Incorporation

of

ACS State & Local Solutions, Inc.

Under Section 807 of the Business Corporation Law

---

1. The name of the corporation is ACS State & Local Solutions, Inc. The name under which the corporation was formed is Datacom Systems Corporation.

2. The certificate of incorporation of the corporation was filed by the Department of State on May 16, 1963.

3. The certificate of incorporation, as heretofore amended, is hereby amended to change the name of the corporation, change the purpose of the corporation, change the county of the corporation and to remove the preemptive rights provision.

4. To accomplish the foregoing amendments:

(i) Article FIRST of the certificate of incorporation of the corporation, relating to the name of the corporation, is hereby amended to read as set forth in the same numbered article of the certificate of incorporation of the corporation as hereinafter restated.

(ii) Article SECOND of the certificate of incorporation of the corporation, relating to the purpose of the corporation, is hereby amended to read as set forth in the same numbered article of the certificate of incorporation of the corporation as hereinafter restated.

(iii) Article FOURTH of the certificate of incorporation of the corporation, relating to the county in which the corporation has an office, is hereby amended to read as set forth in the same numbered article of the certificate of incorporation of the corporation as hereinafter restated.

(iv) Article EIGHTH of the Certificate of Incorporation, as now in effect and relating to preemptive rights, is hereby eliminated.

5. The restatement of the certificate of incorporation of the corporation herein provided for was authorized by the written consent of holders of outstanding shares of the corporation entitled to vote on the said restatement of the certificate of incorporation, having not less than the minimum requisite proportion of votes, which has been given in accordance with Section 615 of the Business Corporation Law. Written notice has been given as and to the extent required by the said Section 615.

6. The text of the certificate of incorporation of the corporation is hereby restated as further amended or changed herein to read as follows:

FIRST: The name of the corporation is Xerox State & Local Solutions, Inc.

SECOND: This corporation is formed to engage in any lawful act or activity for which a corporation may be organized under the Business Corporation Law, provided that it is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained.

THIRD: The total number of shares authorized to be issued by the corporation is 2,000 of common stock with $.01 par value.

FOURTH: The county, within the State of New York, in which the office of the corporation is located is Albany County.

FIFTH: The post office address within the State of New York to which the Secretary of State of New York shall mail a copy of any process against the corporation served upon him is c/o Corporation Service Company, 80 State Street, Albany, New York 12207.

SIXTH: The duration of the corporation shall be perpetual.

SEVENTH: The name and address of the registered agent of the corporation are Corporation Service Company, 80 State Street, Albany, New York 12207. Said registered agent is to be the agent upon which process against the corporation may be served.

EIGHTH: No director shall be disqualified from voting or acting on behalf of the corporation in contracting with any other corporation in which he or she may be an officer, director or stockholder, or with any person or firm with whom he is or may be interested; any director, individually, may be a party to or may be interested in any contract or transaction of the corporation; and no contract or other transaction between the corporation and any other person, firm or corporation shall be affected or invalidated by the fact that any of the directors of the corporation are interested in or are directors or officers of another corporation or by the fact that any director, individually or jointly with others, may be a party to or interested in any such contract or transaction; and each and every person who may become a director of the corporation is hereby relieved from any liability that might otherwise arise from his contracting with the corporation for the benefit of himself or any firm or corporation in which he is or may be interested.

Signed on March 26 2012

J. Michael Peffer, Secretary

1204020000208

CSC 45
DRAW DOWN

RESTATED CERTIFICATE OF INCORPORATION

OF

ACS State & Local Solutions, Inc.

RECEIVED
2012 APR -2 AM 9:33

Under Section 807 of the Business Corporation Law.

Filed by:

Kathy Brown
2828 N. Haskell Ave., Building 1, 9th Floor
Dallas, Texas 75204

Cust Ref 149254AJC

FILED
2012 APR -2 AM 10:50

1CC

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED APR 02 2012
TAX $ Ø
BY: LSW

New York/Albany

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RECEIVED
JUNEAU

APR 09 2012

Division of Corporations Business
and Professional Licensing

State of New York
Department of State } ss:

I hereby certify, that the Certificate of Incorporation of XEROX STATE & LOCAL SOLUTIONS, INC. was filed on 05/16/1963, under the name of DATACOM SYSTEMS CORPORATION, fixing the duration as perpetual, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.

A Certificate of Amendment DATACOM SYSTEMS CORPORATION, changing its name to LOCKHEED DATACOM CORPORATION, was filed 12/21/1988.

A Certificate of Amendment LOCKHEED DATACOM CORPORATION, changing its name to LOCKHEED INFORMATION MANAGEMENT SERVICES COMPANY,INC., was filed 10/25/1989.

A Certificate of Amendment LOCKHEED INFORMATION MANAGEMENT SERVICES COMPANY,INC., changing its name to LOCKHEED MARTIN IMS CORPORATION, was filed 08/22/1995.

A Certificate of Amendment LOCKHEED MARTIN IMS CORPORATION, changing its name to ACS STATE & LOCAL SOLUTIONS, INC., was filed 08/31/2001.

A Certificate of Amendment ACS STATE & LOCAL SOLUTIONS, INC., changing its name to XEROX STATE & LOCAL SOLUTIONS, INC., was filed 04/02/2012.

***

STATE OF NEW YORK ★ DEPARTMENT OF STATE ★ EXCELSIOR

Witness my hand and the official seal of the Department of State at the City of Albany, this 02nd day of April two thousand and twelve.

Daniel Shapiro
First Deputy Secretary of State

201204030046 * 45

Proposer Teaming Agreement or Key Terms

REQUIREMENT: ITP Exhibit B, 3.2, p. B-2

Not applicable.

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Executed Contracts or Term Sheets / Heads of Terms

REQUIREMENT: ITP Exhibit B, 3.2, p. B-2

Not applicable.

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C1 Updated Financial Information since SOQ

REQUIREMENT: ITP Exhibit, Section 4, p. B-6

Backed by the resources of a financially stable FORTUNE 200 corporation, Xerox is well prepared to meet the requirements of the LSIORB project.

As noted in our previously submitted Statement of Qualifications (SOQ) for this project, Xerox State & Local Solutions, Inc. is a wholly owned subsidiary of Xerox Business Services, LLC (f/k/a "Affiliated Computer Services, LLC"). On September 28, 2009, Affiliated Computer Services, LLC and Xerox Corporation announced that they had entered into an Agreement and Plan of Merger providing for the acquisition of Affiliated Computer Services, LLC by Xerox Corporation. Closing on this acquisition took place on February 5, 2010, and Affiliated Computer Services, LLC became a subsidiary of Xerox Corporation. On April 1, 2012, Affiliated Computer Services, LLC officially changed its legal entity name to Xerox Business Services, LLC.

The Xerox Corporation, headquartered in Norwalk, Connecticut, is an industry-leading document management, technology and services enterprise, providing the industry's broadest portfolio of color and black-and-white document processing systems and related supplies, as well as document management consulting and outsourcing services. Xerox Corporation is a *FORTUNE* 200 company whose shares were first listed on the New York Stock Exchange in 1961. Current annual revenues for the company are nearly $23 billion.

The subsidiaries of Xerox Business Services, LLC do not maintain separate audited financial statements. Prior to its acquisition by Xerox Corporation, Affiliated Computer Services, LLC, as a publicly traded corporation (NYSE - ACS), prepared consolidated financial statements that included all of its subsidiaries, in accordance with the Securities & Exchange Commission instructions for item 8 of Part II of Form 10-K, which is a widely accepted practice. Subsequent to its acquisition by Xerox Corporation, the financial statements and disclosures of Affiliated Computer Services, LLC (which include all of its subsidiaries) are included within the consolidated financial statements and SEC reports of Xerox Corporation (NYSE – XRX).

In this response, we are including updated financial information that has been released subsequent to our SOQ submittal. This includes our audited 2013 10-K covering the previous three fiscal years of audited financial statements, including Balance Sheets and Income Statements or Profit/Loss Statements. This report is presented in English in US dollars, audited by a Certified Public Accountant and prepared according to US Generally Accepted Accounting Principles (US GAAP). We are also including our quarterly report through March 31, 2014. Additional financial reports are also available online at http://news.xerox.com/investors/reports.

Our credit ratings with the major rating agencies remain unchanged from the SOQ, and are as follows:

- Fitch: BBB, Stable outlook
- Moody's: Baa2, Stable outlook
- S&P: BBB, Credit Watch positive outlook

Also included in this response is an updated copy of the Dun and Bradstreet (D&B) Report for Xerox.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: March 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-04471

xerox

XEROX CORPORATION
(Exact Name of Registrant as specified in its charter)

New York	**16-0468020**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
P.O. Box 4505, 45 Glover Avenue Norwalk, Connecticut	**06856-4505**
(Address of principal executive offices)	**(Zip Code)**

(203) 968-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Class	Outstanding at March 31, 2014
Common Stock, $1 par value	1,167,321,219 shares

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and any exhibits to this Report may contain "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 and the relocation of our service delivery centers; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term; the risk in the hiring and retention of qualified personnel; the risk that unexpected costs will be incurred; the risk that subcontractors, software vendors and utility and network providers will not perform in a timely, quality manner; our ability to recover capital investments; the risk that our Services business could be adversely affected if we are unsuccessful in managing the start-up of new contracts; development of new products and services; our ability to protect our intellectual property rights; our ability to expand equipment placements; the risk that individually identifiable information of customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security; service interruptions; interest rates, cost of borrowing and access to credit markets; reliance on third parties, including subcontractors, 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 this Quarterly Report on Form 10-Q and our 2013 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.

XEROX CORPORATION
FORM 10-Q
MARCH 31, 2014

TABLE OF CONTENTS

For additional information about Xerox Corporation and access to our Annual Reports to Shareholders and SEC filings, free of charge, please visit our website at www.xerox.com/investor. Any information on or linked from the website is not incorporated by reference into this Form 10-Q.

PART I — FINANCIAL INFORMATION
ITEM 1 — FINANCIAL STATEMENTS

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in millions, except per-share data)	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Revenues		
Sales	$ 1,272	$ 1,293
Outsourcing, maintenance and rentals	3,749	3,792
Financing	100	117
Total Revenues	5,121	5,202
Costs and Expenses		
Cost of sales	790	815
Cost of outsourcing, maintenance and rentals	2,748	2,758
Cost of financing	36	43
Research, development and engineering expenses	144	154
Selling, administrative and general expenses	961	1,040
Restructuring and asset impairment charges	27	(8)
Amortization of intangible assets	84	83
Other expenses, net	40	17
Total Costs and Expenses	4,830	4,902
Income before Income Taxes and Equity Income	291	300
Income tax expense	49	50
Equity in net income of unconsolidated affiliates	42	47
Income from Continuing Operations	284	297
Income from discontinued operations, net of tax	2	3
Net Income	286	300
Less: Net income attributable to noncontrolling interests	5	4
Net Income Attributable to Xerox	$ 281	$ 296
Amounts Attributable to Xerox:		
Net income from continuing operations	$ 279	$ 293
Net income from discontinued operations	2	3
Net Income Attributable to Xerox	$ 281	$ 296
Basic Earnings per Share:		
Continuing operations	$ 0.23	$ 0.23
Discontinued operations	—	—
Total Basic Earnings per Share	$ 0.23	$ 0.23
Diluted Earnings per Share:		
Continuing operations	$ 0.23	$ 0.23
Discontinued operations	—	—
Total Diluted Earnings per Share	$ 0.23	$ 0.23

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended March 31,	
(in millions)	2014	2013
Net income	$ 286	$ 300
Less: Net income attributable to noncontrolling interests	5	4
Net Income Attributable to Xerox	281	296
Other Comprehensive (Loss) Income, Net [(1)]:		
Translation adjustments, net	(1)	(363)
Unrealized gains (losses), net	26	(8)
Changes in defined benefit plans, net	(84)	103
Other Comprehensive Loss, Net Attributable to Xerox	(59)	(268)
Comprehensive Income, Net	227	32
Less: Comprehensive income, net attributable to noncontrolling interests	5	4
Comprehensive Income, Net Attributable to Xerox	$ 222	$ 28

(1) Refer to Note 16 - Other Comprehensive Income for gross components of Other Comprehensive Income, reclassification adjustments out of Accumulated Other Comprehensive Loss and related tax effects.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)	March 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	$ 1,567	$ 1,764
Accounts receivable, net	3,032	2,929
Billed portion of finance receivables, net	134	113
Finance receivables, net	1,501	1,500
Inventories	1,044	998
Other current assets	1,184	1,207
Total current assets	8,462	8,511
Finance receivables due after one year, net	2,844	2,917
Equipment on operating leases, net	541	559
Land, buildings and equipment, net	1,438	1,466
Investments in affiliates, at equity	1,384	1,285
Intangible assets, net	2,436	2,503
Goodwill	9,243	9,205
Other long-term assets	2,520	2,590
Total Assets	$ 28,868	$ 29,036
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 2,109	$ 1,117
Accounts payable	1,568	1,626
Accrued compensation and benefits costs	803	734
Unearned income	517	496
Other current liabilities	1,603	1,713
Total current liabilities	6,600	5,686
Long-term debt	5,896	6,904
Pension and other benefit liabilities	2,310	2,136
Post-retirement medical benefits	766	785
Other long-term liabilities	611	757
Total Liabilities	16,183	16,268
Series A Convertible Preferred Stock	349	349
Common stock	1,186	1,210
Additional paid-in capital	5,040	5,282
Treasury stock, at cost	(204)	(252)
Retained earnings	9,039	8,839
Accumulated other comprehensive loss	(2,838)	(2,779)
Xerox shareholders' equity	12,223	12,300
Noncontrolling interests	113	119
Total Equity	12,336	12,419
Total Liabilities and Equity	$ 28,868	$ 29,036
Shares of common stock issued	1,186,278	1,210,321
Treasury stock	(18,957)	(22,001)
Shares of common stock outstanding	1,167,321	1,188,320

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three Months Ended March 31, 2014	2013
Cash Flows from Operating Activities:		
Net income	$ 286	$ 300
Adjustments required to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	345	329
Provision for receivables	16	26
Provision for inventory	10	9
Net gain on sales of businesses and assets	(30)	—
Undistributed equity in net income of unconsolidated affiliates	(42)	(47)
Stock-based compensation	26	31
Restructuring and asset impairment charges	27	(8)
Payments for restructurings	(36)	(38)
Contributions to defined benefit pension plans	(37)	(45)
Increase in accounts receivable and billed portion of finance receivables	(239)	(363)
Collections of deferred proceeds from sales of receivables	120	115
Increase in inventories	(60)	(107)
Increase in equipment on operating leases	(57)	(59)
Decrease in finance receivables	36	96
Collections on beneficial interest from sales of finance receivables	21	2
Increase in other current and long-term assets	(94)	(101)
Increase (decrease) in accounts payable and accrued compensation	8	(94)
Decrease in other current and long-term liabilities	(26)	(66)
Net change in income tax assets and liabilities	29	17
Net change in derivative assets and liabilities	(1)	(47)
Other operating, net	(16)	(37)
Net cash provided by (used in) operating activities	286	(87)
Cash Flows from Investing Activities:		
Cost of additions to land, buildings and equipment	(84)	(85)
Proceeds from sales of land, buildings and equipment	33	3
Cost of additions to internal use software	(19)	(22)
Acquisitions, net of cash acquired	(54)	(53)
Other investing, net	4	4
Net cash used in investing activities	(120)	(153)
Cash Flows from Financing Activities:		
Net proceeds on debt	4	57
Common stock dividends	(68)	(52)
Preferred stock dividends	(6)	(6)
Proceeds from issuances of common stock	20	22
Excess tax benefits from stock-based compensation	3	1
Payments to acquire treasury stock, including fees	(275)	(10)
Repurchases related to stock-based compensation	(1)	(10)
Distributions to noncontrolling interests	(16)	(3)
Other financing	(10)	—
Net cash used in financing activities	(349)	(1)
Effect of exchange rate changes on cash and cash equivalents	(14)	(12)
Decrease in cash and cash equivalents	(197)	(253)
Cash and cash equivalents at beginning of period	1,764	1,246
Cash and Cash Equivalents at End of Period	$ 1,567	$ 993

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Note 1 – Basis of Presentation

References herein to “we,” “us,” “our,” the “Company” and “Xerox” refer to Xerox Corporation and its consolidated subsidiaries unless the context suggests otherwise.

We have prepared the accompanying unaudited Condensed Consolidated Financial Statements in accordance with the accounting policies described in our 2013 Annual Report on Form 10-K (2013 Annual Report), and the interim reporting requirements of Form 10-Q. Accordingly, certain information and note disclosures normally included in our annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. You should read these Condensed Consolidated Financial Statements in conjunction with the Consolidated Financial Statements included in our 2013 Annual Report.

In our opinion, all adjustments which are necessary for a fair statement of financial position, operating results and cash flows for the interim periods presented have been made. These adjustments consist of normal recurring items. Interim results of operations are not necessarily indicative of the results of the full year.

For convenience and ease of reference, we refer to the financial statement caption “Income before Income Taxes and Equity Income” as “pre-tax income.”

Note 2 – Recent Accounting Pronouncements

Except for the Accounting Standard Updates (ASU's) discussed below, the new ASU's issued by the FASB during the last year did not have any significant impact on the Company.

Cumulative Translation Adjustments: In March 2013, the FASB issued **ASU 2013-05**, *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*. The objective of ASU 2013-05 is to resolve the diversity in practice regarding the release into net income of the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. This update was effective prospectively for our fiscal year beginning January 1, 2014, and did not have nor is it expected to have a material impact on our financial condition, results of operations or cash flows.

Income Taxes: In July 2013, the FASB issued **ASU 2013-11**, *Income Taxes (Topic 740): Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. This update provides guidance on the financial statement presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss or a tax credit carryforward, exists. This update was effective prospectively for our fiscal year beginning January 1, 2014. Upon adoption of this standard, we reclassified approximately $180 of liabilities for unrecognized tax benefits against deferred tax assets.

Service Concession Arrangements: In January 2014, the FASB issued **ASU 2014-05**, *Service Concession Arrangements (Topic 853)*. This update specifies that an entity should not account for a service concession arrangement within the scope of this update as a lease in accordance with Topic 840, *Leases*. The update does not provide specific accounting guidance for various aspects of service concession arrangements but rather indicates that an entity should refer to other Topics as applicable to account for various aspects of a service concession arrangement. The update is effective for our fiscal year beginning January 1, 2015. The adoption of this standard is not expected to have a material effect on our financial condition, results of operation or cash flows.

Discontinued Operations: In April 2014, the FASB issued **ASU 2014-08**, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.* The update changes the requirements for reporting discontinued operations in Subtopic 205-20. A discontinued operation may include a component of an entity or a group of components of an entity, or a business. A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results. Examples include a disposal of a major geographic area, a major line of business or a major equity method investment.

Additionally, the update requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income and expenses of discontinued operations. This update is effective prospectively for our fiscal year beginning January 1, 2015 and early adoption is permitted. The standard primarily involves presentation and disclosure and therefore is not expected to have a material impact on our financial condition, results of operations or cash flows.

Note 3 – Segment Reporting

Our reportable segments are aligned with how we manage the business and view the markets we serve. We report our financial performance based on the following two primary reportable segments – Services and Document Technology. Our Services segment operations involve delivery of a broad range of services, including business process, document and IT outsourcing. Our Document Technology segment includes the sale and support of a broad range of document systems from entry level to high-end.

The **Services** segment is comprised of three outsourcing service offerings:

- Business Process Outsourcing (BPO)
- Document Outsourcing (which includes Managed Print Services) (DO)
- Information Technology Outsourcing (ITO)

Business process outsourcing services include service arrangements where we manage a customer's business activity or process. Document outsourcing services include service arrangements that allow customers to streamline, simplify and digitize document-intensive business processes through automation and deployment of software applications and tools and the management of their printing needs. Document outsourcing services also include revenues from our partner print services offerings. Information technology outsourcing services include service arrangements where we manage a customer's IT-related activities, such as application management and application development, data center operations or testing and quality assurance.

Our **Document Technology** segment includes the sale of products that share common technology, manufacturing and product platforms. Our products groupings range from:

- **"Entry,"** which includes A4 devices and desktop printers; to
- **"Mid-range,"** which includes A3 devices that generally serve workgroup environments in midsize to large enterprises and includes products that fall into the following market categories: Color 41+ ppm priced at less than $100K and Light Production 91+ ppm priced at less than $100K; to
- **"High-end,"** which includes production printing and publishing systems that generally serve the graphic communications marketplace and large enterprises.

Customers range from small and mid-sized businesses to large enterprises. Customers also include graphic communication enterprises as well as channel partners including distributors and resellers. Segment revenues reflect the sale of document systems and supplies, technical services and product financing.

The segment classified as **Other** includes several units, none of which meet the thresholds for separate segment reporting. This group includes paper sales in our developing market countries, Wide Format Systems, licensing revenues, Global Imaging Systems network integration solutions and electronic presentation systems, non-allocated corporate items including non-financing interest, and other items included in Other expenses, net.

Operating segment revenues and profitability were as follows:

	Three Months Ended March 31,	
	Segment Revenue	Segment Profit(Loss)
2014		
Services	$ 2,923	$ 251
Document Technology	2,045	250
Other	153	(51)
Total	$ 5,121	$ 450
2013		
Services	$ 2,920	$ 273
Document Technology	2,135	187
Other	147	(70)
Total	$ 5,202	$ 390

	Three Months Ended March 31,	
Reconciliation to Pre-tax Income	2014	2013
Segment Profit	$ 450	$ 390
Reconciling items:		
Restructuring and related costs (1)	(30)	8
Restructuring charges of Fuji Xerox	(3)	(4)
Amortization of intangible assets	(84)	(83)
Litigation matters (Q1 2013 only)	—	37
Equity in net income of unconsolidated affiliates	(42)	(47)
Other	—	(1)
Pre-tax Income	$ 291	$ 300

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(1) *First quarter 2014 includes Restructuring and asset impairment charges of $27 and Business transformation costs of $3. Business transformation costs represent incremental costs incurred directly in support of our business transformation and restructuring initiatives.*

Note 4 – Acquisitions

In January 2014, we acquired **Invoco Holding GmbH (Invoco)**, a German company, for approximately $54 (€40 million) in cash. The acquisition of Invoco expands our European customer care services and provides our global customers immediate access to German-language customer care services and provides Invoco's existing customers access to our broad business process outsourcing capabilities. Invoco is included in our Services segment.

The operating results of this acquisition are not material to our financial statements and are included within our results from the acquisition date. The purchase price was allocated primarily to intangible assets and goodwill based on third-party valuations and management’s estimates.

Note 5 – Divestitures

In 2013, in connection with our decision to exit from the Paper distribution business, we completed the sale of our North American and European Paper businesses. As a result of these transactions, we reported these paper-related operations as Discontinued Operations and reclassified their results from the Other segment to Discontinued Operations in 2013. We recorded a net pre-tax loss on disposal of $25 in 2013 for the disposition of these businesses - $23 in third quarter 2013 and $2 in the fourth quarter 2013. In the first quarter 2014, we recorded net income of $2 in Discontinued Operation primarily representing adjustments of amounts previously recorded due to changes in estimates.

The components of Discontinued Operations for the periods presented are as follows:

	Three Months Ended March 31,	
	2014	2013
Revenues	$ —	$ 154
Income from operations	$ —	$ 5
Gain on disposal	2	—
Net Income Before Income Taxes	2	5
Income tax expense	—	(2)
Income From Discontinued Operations, Net of Tax	$ 2	$ 3

Note 6 – Accounts Receivable, Net

Accounts receivable, net were as follows:

	March 31, 2014	December 31, 2013
Amounts billed or billable	$ 2,772	$ 2,651
Unbilled amounts	364	390
Allowance for doubtful accounts	(104)	(112)
Accounts Receivable, Net	$ 3,032	$ 2,929

Unbilled amounts include amounts associated with percentage-of-completion accounting and other earned revenues not currently billable due to contractual provisions. Amounts to be invoiced in the subsequent month for current services provided are included in amounts billable, and at March 31, 2014 and December 31, 2013 were approximately $1,049 and $1,054, respectively.

We perform ongoing credit evaluations of our customers and adjust credit limits based upon customer payment history and current creditworthiness. The allowance for uncollectible accounts receivable is determined principally on the basis of past collection experience as well as consideration of current economic conditions and changes in our customer collection trends.

Accounts Receivable Sales Arrangements

Accounts receivable sales arrangements are utilized in the normal course of business as part of our cash and liquidity management. We have facilities in the U.S., Canada and several countries in Europe that enable us to sell certain accounts receivable without recourse to third-parties. The accounts receivable sold are generally short-term trade receivables with payment due dates of less than 60 days.

All of our arrangements involve the sale of our entire interest in groups of accounts receivable for cash. In most instances a portion of the sales proceeds are held back by the purchaser and payment is deferred until collection of the related receivables sold. Such holdbacks are not considered legal securities nor are they certificated. We report collections on such receivables as operating cash flows in the Condensed Consolidated Statements of Cash Flows because such receivables are the result of an operating activity and the associated interest rate risk is de minimis due to its short-term nature. Our risk of loss following the sales of accounts receivable is limited to the outstanding deferred purchase price receivable. These receivables are included in the caption “Other current assets” in the accompanying Condensed Consolidated Balance Sheets and were $125 and $121 at March 31, 2014 and December 31, 2013, respectively.

Under most of the arrangements, we continue to service the sold accounts receivable. When applicable, a servicing liability is recorded for the estimated fair value of the servicing. The amounts associated with the servicing liability were not material.

Of the accounts receivable sold and derecognized from our balance sheet, $736 and $723 remained uncollected as of March 31, 2014 and December 31, 2013, respectively. Accounts receivable sales were as follows:

	Three Months Ended March 31,	
	2014	2013
Accounts receivable sales	$ 822	$ 854
Deferred proceeds	124	115
Loss on sales of accounts receivable	4	4
Estimated increase to operating cash flows [1]	11	16

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(1) Represents the difference between current and prior period receivable sales adjusted for the effects of: (i) the deferred proceeds, (ii) collections prior to the end of the quarter and (iii) currency.

Note 7 - Finance Receivables, Net

Sale of Finance Receivables

In the third and fourth quarters of 2013 and 2012, we transferred our entire interest in certain groups of lease finance receivables to third-party entities for cash proceeds and beneficial interests. The transfers met the requirements for derecognition according to ASC Topic 860, *Transfers and Servicing* and therefore were accounted for as sales with derecognition of the associated lease receivables. There were no finance receivable transfers in the three months ending March 31, 2014 and 2013. We continue to service the sold receivables and record servicing fee income over the expected life of the associated receivables. The following is a summary of our prior sales activity:

	Year Ended December 31,	
(in millions)	2013	2012
Net carrying value (NCV) sold	$ 676	$ 682
Allowance included in NCV	17	18
Cash proceeds received	635	630
Beneficial interests received	86	101
Pre-tax gain on sales	40	44
Net fees and expenses	5	5

The principal value of the finance receivables derecognized from our balance sheet was $874 and $1,006 at March 31, 2014 and December 31, 2013, respectively (sale value of approximately $952 and $1,098, respectively).

Summary

The lease portfolios transferred and sold were all from our Document Technology segment and the gains on these sales were reported in Financing revenues within the Document Technology segment. The ultimate purchaser has no recourse to our other assets for the failure of customers to pay principal and interest when due beyond our beneficial interests which were $130 and $150 at March 31, 2014 and December 31, 2013, respectively, and are included in Other current assets and Other long-term assets in the accompanying Condensed Consolidated Balance Sheets. Beneficial interests of $108 and $124 at March 31, 2014 and December 31, 2013, respectively, are held by bankruptcy-remote subsidiaries and therefore are not available to satisfy any of our creditor obligations. We report collections on the beneficial interests as operating cash flows in the Consolidated Statements of Cash Flows because such beneficial interests are the result of an operating activity and the associated interest rate risk is de minimis considering their weighted average lives of less than 2 years.

The net impact from the sales of finance receivables on operating cash flows is summarized below:

(in millions)	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Net cash received for sales of finance receivables	$ —	$ —
Impact from prior sales of finance receivables [(1)]	(149)	(91)
Collections on beneficial interest	26	2
Estimated Decrease to Operating Cash Flows	$ (123)	$ (89)

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(1) Represents cash that would have been collected if we had not sold finance receivables.

Finance Receivables – Allowance for Credit Losses and Credit Quality

Finance receivables include sales-type leases, direct financing leases and installment loans. Our finance receivable portfolios are primarily in the U.S., Canada and Europe. We generally establish customer credit limits and estimate the allowance for credit losses on a country or geographic basis. Our policy and methodology used to establish our allowance for doubtful accounts has been consistently applied over all periods presented.

The following table is a rollforward of the allowance for doubtful finance receivables as well as the related investment in finance receivables:

Allowance for Credit Losses:	United States	Canada	Europe	Other[(3)]	Total
Balance at December 31, 2013	$ 45	$ 22	$ 81	$ 6	$ 154
Provision	3	2	7	3	15
Charge-offs	(1)	(4)	(5)	(2)	(12)
Recoveries and other[(1)]	1	—	—	—	1
Balance at March 31, 2014	$ 48	$ 20	$ 83	$ 7	$ 158
Finance receivables as of March 31, 2014 collectively evaluated for impairment [(2)]	$ 1,676	$ 402	$ 2,242	$ 316	$ 4,636
Balance at December 31, 2012	$ 50	$ 31	$ 85	$ 4	$ 170
Provision	2	2	9	—	13
Charge-offs	(2)	(4)	(15)	—	(21)
Recoveries and other[(1)]	1	—	(3)	—	(2)
Balance at March 31, 2013	$ 51	$ 29	$ 76	$ 4	$ 160
Finance receivables as of March 31, 2013 collectively evaluated for impairment [(2)]	$ 1,991	$ 756	$ 2,304	$ 211	$ 5,262

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(1) Includes the impacts of foreign currency translation and adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.

(2) Total Finance receivables exclude residual values of $1 and $2, and the allowance for credit losses of $158 and $160 at March 31, 2014 and 2013, respectively.

(3) Includes developing market countries and smaller units.

We evaluate our customers based on the following credit quality indicators:

- **Investment grade:** This rating includes accounts with excellent to good business credit, asset quality and the capacity to meet financial obligations. These customers are less susceptible to adverse effects due to shifts in economic conditions or changes in circumstance. The rating generally equates to a Standard & Poors (S&P) rating of BBB- or better. Loss rates in this category are normally minimal at less than 1%.
- **Non-investment grade:** This rating includes accounts with average credit risk that are more susceptible to loss in the event of adverse business or economic conditions. This rating generally equates to a BB S&P rating. Although we experience higher loss rates associated with this customer class, we believe the risk is somewhat mitigated by the fact that our leases are fairly well dispersed across a large and diverse customer base. In addition, the higher loss rates are largely offset by the higher rates of return we obtain on such leases. Loss rates in this category are generally in the range of 2% to 4%.

- **Substandard:** This rating includes accounts that have marginal credit risk such that the customer's ability to make repayment is impaired or may likely become impaired. We use numerous strategies to mitigate risk including higher rates of interest, prepayments, personal guarantees, etc. Accounts in this category include customers who were downgraded during the term of the lease from investment and non-investment grade status when the lease was originated. Accordingly, there is a distinct possibility for a loss of principal and interest or customer default. The loss rates in this category are around 10%.

Credit quality indicators are updated at least annually and the credit quality of any given customer can change during the life of the portfolio. Details about our finance receivables portfolio based on industry and credit quality indicators are as follows:

	March 31, 2014				December 31, 2013			
	Investment Grade	Non-investment Grade	Substandard	Total Finance Receivables	Investment Grade	Non-investment Grade	Substandard	Total Finance Receivables
Finance and other services	$ 191	$ 112	$ 46	$ 349	$ 189	$ 102	$ 34	$ 325
Government and education	632	8	4	644	656	12	3	671
Graphic arts	138	70	102	310	142	59	108	309
Industrial	93	30	16	139	92	28	15	135
Healthcare	73	24	20	117	74	25	16	115
Other	58	29	30	117	55	27	29	111
Total United States	1,185	273	218	1,676	1,208	253	205	1,666
Finance and other services	45	19	11	75	46	18	11	75
Government and education	87	8	2	97	96	9	1	106
Graphic arts	53	54	41	148	56	52	48	156
Industrial	21	12	4	37	23	12	6	41
Other	31	10	4	45	29	9	5	43
Total Canada[(1)]	237	103	62	402	250	100	71	421
France	279	304	145	728	282	314	122	718
U.K./Ireland	201	162	39	402	199	171	42	412
Central[(2)]	260	391	44	695	287	394	43	724
Southern[(3)]	105	178	47	330	102	187	58	347
Nordics[(4)]	26	60	1	87	46	42	3	91
Total Europe	871	1,095	276	2,242	916	1,108	268	2,292
Other	214	86	16	316	226	69	9	304
Total	$ 2,507	$ 1,557	$ 572	$ 4,636	$ 2,600	$ 1,530	$ 553	$ 4,683

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(1) *Historically the Company has included certain Canadian customers with graphic arts activity in their industry sector. In 2014, these customers were reclassified to Graphic Arts to better reflect their primary business activity. The December 31, 2013 amounts have been reclassified to move $33 of graphic arts customers out of Finance and Other Services and to move $38 out of Industrial to be consistent with the March 31, 2014 presentation.*

(2) *Switzerland, Germany, Austria, Belgium and Holland.*

(3) *Italy, Greece, Spain and Portugal.*

(4) *Sweden, Norway, Denmark and Finland.*

The aging of our billed finance receivables is based upon the number of days an invoice is past due and is as follows:

	March 31, 2014						
	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Finance and other services	$ 9	$ 2	$ 1	$ 12	$ 337	$ 349	$ 12
Government and education	17	4	3	24	620	644	29
Graphic arts	13	2	1	16	294	310	9
Industrial	4	1	1	6	133	139	6
Healthcare	4	1	—	5	112	117	5
Other	3	1	—	4	113	117	4
Total United States	50	11	6	67	1,609	1,676	65
Canada	3	3	3	9	393	402	20
France	2	1	3	6	722	728	42
U.K./Ireland	—	3	1	4	398	402	3
Central[(1)]	3	3	3	9	686	695	20
Southern[(2)]	26	5	6	37	293	330	32
Nordics[(3)]	2	—	—	2	85	87	3
Total Europe	33	12	13	58	2,184	2,242	100
Other	8	1	—	9	307	316	—
Total	$ 94	$ 27	$ 22	$ 143	$ 4,493	$ 4,636	$ 185

	December 31, 2013						
	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Finance and other services	$ 7	$ 2	$ 1	$ 10	$ 315	$ 325	$ 12
Government and education	17	4	3	24	647	671	34
Graphic arts	12	1	—	13	296	309	5
Industrial	3	1	1	5	130	135	6
Healthcare	3	1	—	4	111	115	5
Other	3	1	—	4	107	111	3
Total United States	45	10	5	60	1,606	1,666	65
Canada	4	3	3	10	411	421	19
France	—	—	—	—	718	718	40
U.K./Ireland	1	1	—	2	410	412	2
Central[(1)]	3	2	3	8	716	724	23
Southern[(2)]	21	5	7	33	314	347	45
Nordics[(3)]	2	—	—	2	89	91	—
Total Europe	27	8	10	45	2,247	2,292	110
Other	8	1	—	9	295	304	—
Total	$ 84	$ 22	$ 18	$ 124	$ 4,559	$ 4,683	$ 194

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(1) Switzerland, Germany, Austria, Belgium and Holland.
(2) Italy, Greece, Spain and Portugal.
(3) Sweden, Norway, Denmark and Finland.

Note 8 – Inventories

The following is a summary of Inventories by major category:

	March 31, 2014	December 31, 2013
Finished goods	$ 872	$ 837
Work-in-process	65	60
Raw materials	107	101
Total Inventories	$ 1,044	$ 998

Note 9 – Investment in Affiliates, at Equity

Our equity in net income of our unconsolidated affiliates was as follows:

	Three Months Ended March 31,	
	2014	2013
Fuji Xerox	$ 39	$ 44
Other investments	3	3
Total Equity in Net Income of Unconsolidated Affiliates	$ 42	$ 47

Fuji Xerox

Equity in net income of Fuji Xerox is affected by certain adjustments required to reflect the deferral of profit associated with intercompany sales. These adjustments may result in recorded equity income that is different from that implied by our 25% ownership interest.

Condensed financial data of Fuji Xerox was as follows:

	Three Months Ended March 31,	
	2014	2013
Summary of Operations:		
Revenues	$ 3,021	$ 3,028
Costs and expenses	2,801	2,784
Income before income taxes	220	244
Income tax expense	58	61
Net Income	162	183
Less: Net income – noncontrolling interests	1	1
Net Income – Fuji Xerox	$ 161	$ 182
Weighted Average Exchange Rate (1)	102.67	92.64

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(1) Represents Yen/U.S. Dollar exchange rate used to translate.

Note 10 – Restructuring Programs

During the three months ended March 31, 2014, we recorded net restructuring and asset impairment charges of $27, which included approximately $28 of severance costs related to headcount reductions of approximately 1,250 employees worldwide, $1 of lease cancellations and $4 of asset impairments. These costs were offset by $6 of net reversals, primarily resulting from changes in estimated reserves from prior period initiatives.

Information related to restructuring program activity during the three months ended March 31, 2014 is outlined below:

	Severance and Related Costs	Lease Cancellation and Other Costs	Asset Impairments[2]	Total
Balance at December 31, 2013	$ 109	$ 7	$ —	$ 116
Provision	28	1	4	33
Reversals	(6)	—	—	(6)
Net Current Period Charges[1]	22	1	4	27
Charges against reserve and currency	(35)	(2)	(4)	(41)
Balance at March 31, 2014	$ 96	$ 6	$ —	$ 102

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(1) *Represents net amount recognized within the Condensed Consolidated Statements of Income for the period shown.*
(2) *Charges associated with asset impairments represent the write-down of the related assets to their new cost basis and are recorded concurrently with the recognition of the provision.*

Reconciliation to the Condensed Consolidated Statements of Cash Flows:

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Charges against reserve	$ (41)	$ (37)
Asset impairments	4	—
Effects of foreign currency and other non-cash items	1	(1)
Restructuring Cash Payments	$ (36)	$ (38)

The following table summarizes the total amount of costs incurred in connection with these restructuring programs by segment:

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Services	$ 10	$ (2)
Document Technology	16	(6)
Other	1	—
Total Net Restructuring Charges	$ 27	$ (8)

Note 11 – Debt

Credit facility

On March 18, 2014, we entered into an Amended and Restated Credit Agreement that extended the maturity date of our $2.0 billion unsecured revolving Credit Facility to March 18, 2019 from December 2016. The amendment also included modest improvements in pricing and minor changes in the composition of the group of lenders. The amended and restated Credit Facility retains certain provisions from the existing Credit Facility including the $300 letter of credit sub-facility and the accordion feature that would allow us to increase (from time to time, with willing lenders) the overall size of the facility up to an aggregate amount not to exceed $2.75 billion. We also have the right to request a one year extension on each of the first and second anniversary of the amendment date.

We deferred $7 of debt issuance costs in connection with this amendment, which includes approximately $4 of unamortized deferred debt issue costs associated with the existing Credit Facility. The write-off of debt issuance costs associated with lenders that reduced their participation in the amended and restated Credit Facility was not material.

At March 31, 2014, we had no outstanding borrowings or letters of credit under our Credit Facility.

Interest Expense and Income

Interest expense and interest income were as follows:

	Three Months Ended March 31,	
	2014	2013
Interest expense[(1)]	$ 100	$ 104
Interest income[(2)]	102	120

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(1) *Includes Equipment financing interest, as well as non-financing interest expense that is included in Other expenses, net in the Condensed Consolidated Statements of Income.*
(2) *Includes Finance income, as well as other interest income that is included in Other expenses, net in the Condensed Consolidated Statements of Income.*

Net (Payments) Proceeds on Debt

Net proceeds on debt as shown on the Condensed Consolidated Statements of Cash Flows was as follows:

	Three Months Ended March 31,	
	2014	2013
Net proceeds on short-term debt	$ 1	$ 36
Proceeds from issuance of long-term debt	18	25
Payments on long-term debt[(1)]	(15)	(4)
Net Proceeds on Debt	$ 4	$ 57

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(1) *Includes current maturities.*

Note 12 – Financial Instruments

Interest Rate Risk Management

We use interest rate swap agreements to manage our interest rate exposure and to achieve a desired proportion of variable and fixed rate debt. These derivatives may be designated as **fair value hedges** or **cash flow hedges** depending on the nature of the risk being hedged.

Fair Value Hedges

As of March 31, 2014, pay variable/receive fixed interest rate swaps with notional amounts of $300 and net liability fair value of $3 were designated and accounted for as fair value hedges. The swaps were structured to hedge the fair value of related debt by converting them from fixed rate instruments to variable rate instruments. No ineffective portion was recorded to earnings during 2014. We did not have any interest rate swaps outstanding at December 31, 2013.

The following is a summary of our fair value hedges at March 31, 2014:

Debt Instrument	Year First Designated	Notional Amount	Net Fair Value	Weighted Average Interest Rate Paid	Interest Rate Received	Basis	Maturity
Senior Note 2021	2014	$ 300	$ (3)	2.42%	4.5%	Libor	2021

Foreign Exchange Risk Management

We are a global company that is exposed to foreign currency exchange rate fluctuations in the normal course of our business. As a part of our foreign exchange risk management strategy, we use derivative instruments, primarily forward contracts and purchased option contracts, to hedge the following foreign currency exposures, thereby reducing volatility of earnings or protecting fair values of assets and liabilities:

- Foreign currency-denominated assets and liabilities
- Forecasted purchases and sales in foreign currency

Summary of Foreign Exchange Hedging Positions

At March 31, 2014, we had outstanding forward exchange and purchased option contracts with gross notional values of $2,994, which is reflective of the amounts that are normally outstanding at any point during the year. Approximately 68% of these contracts mature within three months, 9% in three to six months and 23% in six to twelve months.

The following is a summary of the primary hedging positions and corresponding fair values as of March 31, 2014:

Currency Hedged (Buy/Sell)	Gross Notional Value	Fair Value Asset (Liability)(1)
Euro/U.K. Pound Sterling	$ 769	$ (4)
Japanese Yen/U.S. Dollar	487	(8)
Canadian Dollar/Euro	409	(4)
U.S. Dollar/Euro	397	(1)
Japanese Yen/Euro	378	(11)
U.K. Pound Sterling/Euro	167	—
Philippine Peso/U.S. Dollar	52	—
Mexican Peso/U.S. Dollar	47	1
Swiss Franc/Euro	44	—
Indian Rupee/U.S. Dollar	41	3
Euro/Danish Krone	29	—
Mexican Peso/Euro	24	—
All Other	150	(1)
Total Foreign Exchange Hedging	$ 2,994	$ (25)

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(1) Represents the net receivable (payable) amount included in the Condensed Consolidated Balance Sheet at March 31, 2014.

Foreign Currency Cash Flow Hedges

We designate a portion of our foreign currency derivative contracts as cash flow hedges of our foreign currency-denominated inventory purchases, sales and expenses. No amount of ineffectiveness was recorded in the Condensed Consolidated Statements of Income for these designated cash flow hedges and all components of each derivative's gain or loss was included in the assessment of hedge effectiveness. The net liability fair value of these contracts was $16 and $50 as of March 31, 2014 and December 31, 2013, respectively.

Summary of Derivative Instruments Fair Value

The following table provides a summary of the fair value amounts of our derivative instruments:

Designation of Derivatives	Balance Sheet Location	March 31, 2014	December 31, 2013
Derivatives Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	$ 4	$ 1
	Other current liabilities	(20)	(51)
Interest rate swaps	Other long-term liabilities	(3)	—
	Net Designated Derivative Liability	$ (19)	$ (50)
Derivatives NOT Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	$ 5	$ 5
	Other current liabilities	(14)	(19)
	Net Undesignated Derivative Liability	$ (9)	$ (14)
Summary of Derivatives	Total Derivative Assets	$ 9	$ 6
	Total Derivative Liabilities	(37)	(70)
	Net Derivative Liability	$ (28)	$ (64)

Summary of Derivative Instruments Gains (Losses)

Derivative gains (losses) affect the income statement based on whether such derivatives are designated as hedges of underlying exposures. The following is a summary of derivative gains (losses).

Designated Derivative Instruments Gains (Losses)

The following tables provide a summary of gains (losses) on derivative instruments:

Derivatives in Fair Value Hedging Relationships	Location of Gain (Loss) Recognized in Income	Derivative Gain (Loss) Recognized in income Three Months Ended March 31, 2014	2013	Hedged Item Gain (Loss) Recognized in Income Three Months Ended March 31, 2014	2013
Interest Rate Contracts	Interest Expense	$ (3)	$ —	$ 3	$ —

Derivatives in Cash Flow Hedging Relationships	Derivative Gain (Loss) Recognized in OCI (Effective Portion) Three Months Ended March 31, 2014	2013	Location of Derivative Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Reclassified from AOCI to Income (Effective Portion) Three Months Ended March 31, 2014	2013
Foreign exchange contracts – forwards	$ 18	$ (34)	Cost of sales	$ (21)	$ (17)

No amount of ineffectiveness was recorded in the Condensed Consolidated Statements of Income for these designated cash flow hedges and all components of each derivative's gain (loss) was included in the assessment of hedge effectiveness. In addition, no amount was recorded for an underlying exposure that did not occur or was not expected to occur.

At March 31, 2014, net after-tax losses of $11 were recorded in accumulated other comprehensive loss associated with our cash flow hedging activity. The entire balance is expected to be reclassified into net income within the next 12 months, providing an offsetting economic impact against the underlying anticipated transactions.

Non-Designated Derivative Instruments Gains (Losses)

Non-designated derivative instruments are primarily instruments used to hedge foreign currency-denominated assets and liabilities. They are not designated as hedges since there is a natural offset for the re-measurement of the underlying foreign currency-denominated asset or liability.

The following table provides a summary of gains (losses) on non-designated derivative instruments:

		Three Months Ended March 31,	
Derivatives NOT Designated as Hedging Instruments	Location of Derivative Gain (Loss)	2014	2013
Foreign exchange contracts – forwards	Other expense – Currency losses, net	$ —	$ (15)

During the three months ended March 31, 2014 and March 31, 2013, Currency (loss) gains, net were $(1) and $4, respectively. Net Currency gains and losses are included in Other expenses, net and include the mark-to market adjustments of the derivatives not designated as hedging instruments and the related cost of those derivatives, as well as the re-measurement of foreign currency-denominated assets and liabilities.

Note 13 – Fair Value of Financial Assets and Liabilities

The following table represents assets and liabilities measured at fair value on a recurring basis. The basis for the measurement at fair value in all cases is Level 2 – Significant Other Observable Inputs.

	March 31, 2014	December 31, 2013
Assets:		
Foreign exchange contracts-forwards	$ 9	$ 6
Deferred compensation investments in cash surrender life insurance	90	88
Deferred compensation investments in mutual funds	30	28
Total	$ 129	$ 122
Liabilities:		
Foreign exchange contracts-forwards	$ 34	$ 70
Interest rate swaps	3	—
Deferred compensation plan liabilities	127	125
Total	$ 164	$ 195

We utilize the income approach to measure the fair value for our derivative assets and liabilities. The income approach uses pricing models that rely on market observable inputs such as yield curves, currency exchange rates and forward prices, and therefore are classified as Level 2.

Fair value for our deferred compensation plan investments in Company-owned life insurance is reflected at cash surrender value. Fair value for our deferred compensation plan investments in mutual funds is based on quoted market prices for actively traded investments similar to those held by the plan. Fair value for deferred compensation plan liabilities is based on the fair value of investments corresponding to employees' investment selections, based on quoted prices for similar assets in actively traded markets.

Summary of Other Financial Assets and Liabilities Not Measured at Fair Value on a Recurring Basis

The estimated fair values of our other financial assets and liabilities not measured at fair value on a recurring basis were as follows:

	March 31, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 1,567	$ 1,567	$ 1,764	$ 1,764
Accounts receivable, net	3,032	3,032	2,929	2,929
Short-term debt	2,109	2,114	1,117	1,126
Long-term debt	5,896	6,374	6,904	7,307

The fair value amounts for Cash and cash equivalents and Accounts receivable, net, approximate carrying amounts due to the short maturities of these instruments. The fair value of Short- and Long-term debt was estimated based on quoted market prices for publicly-traded securities or on the current rates offered to us for debt of similar maturities. The difference between the fair value and the carrying value represents the theoretical net premium or discount we would pay or receive to retire all debt at such date.

Note 14 – Employee Benefit Plans

The components of Net periodic benefit cost and other changes in plan assets and benefit obligations were as follows for the three months ended March 31:

	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Retiree Health	
	2014	2013	2014	2013	2014	2013
Components of Net Periodic Benefit Costs:						
Service cost	$ 2	$ 2	$ 9	$ 22	$ 2	$ 2
Interest cost	40	37	69	64	9	9
Expected return on plan assets	(38)	(44)	(87)	(77)	—	—
Recognized net actuarial loss	2	7	14	19	—	1
Amortization of prior service credit	—	—	(1)	—	(11)	(11)
Recognized settlement loss	12	48	—	—	—	—
Defined Benefit Plans	18	50	4	28	—	1
Defined contribution plans	16	19	11	7	—	—
Net Periodic Benefit Cost	34	69	15	35	—	1
Other changes in plan assets and benefit obligations recognized in Other Comprehensive Income:						
Net actuarial loss[(1)]	197	—	—	—	—	—
Amortization of prior service credit	—	—	1	—	11	11
Amortization of net actuarial loss	(14)	(55)	(14)	(19)	—	(1)
Total Recognized in Other Comprehensive Income[(2)]	183	(55)	(13)	(19)	11	10
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	$ 217	$ 14	$ 2	$ 16	$ 11	$ 11

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(1) *The net actuarial loss for U.S. Plans in the first quarter 2014 is related to the remeasurement of our primary U.S. pension plans as a result of the payment of periodic settlements. The loss in the first quarter 2014 primarily reflects the decrease in discount rates during the period as compared to the discount rates from our annual measurement of the plans at December 31, 2013.*

(2) *Amounts represent the pre-tax effect included within Other comprehensive income. Refer to Note 16 - Other Comprehensive Income for related tax effects and the after-tax amounts.*

Contributions

During the three months ended March 31, 2014, we made cash contributions of $37 ($6 U.S. and $31 Non-U.S.) to our defined benefit pension plans and $25 to our retiree health benefit plans. We presently anticipate additional cash contributions of $213 ($84 U.S. and $129 Non-U.S.) to our defined benefit pension plans and $46 to our retiree health benefit plans in 2014 for total full-year cash contributions of approximately $250 ($90 U.S. and $160 Non-U.S.) to our defined benefit pension plans and $71 to our retiree health benefit plans.

Note 15 – Shareholders' Equity

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[(1)]	Xerox Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2013	$ 1,210	$ 5,282	$ (252)	$ 8,839	$ (2,779)	$ 12,300	$ 119	$ 12,419
Comprehensive income (loss), net	—	—	—	281	(59)	222	5	227
Cash dividends declared-common stock[(2)]	—	—	—	(75)	—	(75)	—	(75)
Cash dividends declared - preferred stock[(3)]	—	—	—	(6)	—	(6)	—	(6)
Conversion of notes to common stock	1	8	—	—	—	9	—	9
Stock option and incentive plans, net	3	45	—	—	—	48	—	48
Payments to acquire treasury stock, including fees	—	—	(275)	—	—	(275)	—	(275)
Cancellation of treasury stock	(28)	(295)	323	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(11)	(11)
Balance at March 31, 2014	$ 1,186	$ 5,040	$ (204)	$ 9,039	$ (2,838)	$ 12,223	$ 113	$ 12,336

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[(1)]	Xerox Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2012	$ 1,239	$ 5,622	$ (104)	$ 7,991	$ (3,227)	$ 11,521	$ 143	$ 11,664
Comprehensive income (loss), net	—	—	—	296	(268)	28	4	32
Cash dividends declared-common stock[(2)]	—	—	—	(73)	—	(73)	—	(73)
Cash dividends declared-preferred stock[(3)]	—	—	—	(6)	—	(6)	—	(6)
Stock option and incentive plans, net	5	36	—	—	—	41	—	41
Payments to acquire treasury stock, including fees	—	—	(10)	—	—	(10)	—	(10)
Cancellation of treasury stock	(16)	(98)	114	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(2)	(2)
Balance at March 31, 2013	$ 1,228	$ 5,560	$ —	$ 8,208	$ (3,495)	$ 11,501	$ 145	$ 11,646

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(1) Refer to Note 16 - Other Comprehensive Income for components of AOCL.
(2) Cash dividends declared on common stock of $0.0625 per share in the first quarter of 2014 and $0.0575 per share in the first quarter of 2013.
(3) Cash dividends declared on preferred stock of $20.00 per share in the first quarter of 2014 and 2013.

Treasury Stock

The following is a summary of the purchases of common stock made during the three months ended March 31, 2014 under our authorized stock repurchase programs (shares in thousands):

	Shares	Amount
December 31, 2013	22,001	$ 252
Purchases [(1)]	24,950	275
Cancellations	(27,994)	(323)
March 31, 2014	18,957	$ 204

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(1) Includes associated fees.

Note 16 - Other Comprehensive Income

Other Comprehensive Income is comprised of the following:

	Three Months Ended March 31,			
	2014		2013	
	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Translation Adjustments Gains (Losses)	$ 2	$ (1)	$ (363)	$ (363)
Unrealized Gains (Losses):				
Changes in fair value of cash flow hedges - gains (losses)	18	13	(34)	(22)
Changes in cash flow hedges reclassed to earnings [1]	21	14	17	12
Other (losses) gains	(1)	(1)	2	2
Net Unrealized Gains (Losses)	38	26	(15)	(8)
Defined Benefit Plans (Losses) Gains:				
Net actuarial losses	(197)	(122)	—	—
Prior service amortization [2]	(12)	(7)	(11)	(7)
Actuarial loss amortization [2]	28	19	75	49
Fuji Xerox changes in defined benefit plans, net [3]	27	27	(16)	(16)
Other (losses) gains [4]	(1)	(1)	77	77
Change in Defined Benefit Plans (Losses) Gains	(155)	(84)	125	103
Other Comprehensive Loss Attributable to Xerox	$ (115)	$ (59)	$ (253)	$ (268)

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(1) Reclassified to Cost of sales - refer to Note 12 - Financial Instruments for additional information regarding our cash flow hedges.
(2) Reclassified to Total Net Periodic Benefit Cost - refer to Note 14 - Employee Benefit Plans for additional information.
(3) Represents our share of Fuji Xerox's benefit plan changes.
(4) Primarily represents currency impact on cumulative amount of benefit plan net actuarial losses and prior service credits included in AOCL.

Accumulated Other Comprehensive Loss (AOCL)

AOCL is comprised of the following:

	March 31, 2014	December 31, 2013
Cumulative translation adjustments	$ (1,011)	$ (1,010)
Benefit plans net actuarial losses and prior service credits [1]	(1,816)	(1,732)
Other unrealized losses, net	(11)	(37)
Total Accumulated Other Comprehensive Loss Attributable to Xerox	$ (2,838)	$ (2,779)

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(1) Includes our share of Fuji Xerox.

Note 17 – Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share of common stock (shares in thousands):

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Basic Earnings per Share:		
Net income from continuing operations attributable to Xerox	$ 279	$ 293
Accrued dividends on preferred stock	(6)	(6)
Adjusted Net Income From Continuing Operations Available to Common Shareholders	273	287
Net income from discontinued operations attributable to Xerox	2	3
Adjusted Net Income Available to Common Shareholders	$ 275	$ 290
Weighted-average common shares outstanding	1,178,828	1,225,271
Basic Earnings per Share:		
Continuing operations	$ 0.23	$ 0.23
Discontinued operations	—	—
Total	$ 0.23	$ 0.23
Diluted Earnings per Share:		
Net income from continuing operations attributable to Xerox	$ 279	$ 293
Accrued dividends on preferred stock	—	—
Interest on convertible securities, net	—	—
Adjusted Net Income From Continuing Operations Available to Common Shareholders	$ 279	$ 293
Net income from discontinued operations attributable to Xerox	2	3
Adjusted Net Income Available to Common Shareholders	$ 281	$ 296
Weighted-average common shares outstanding	1,178,828	1,225,271
Common shares issuable with respect to:		
Stock options	3,580	4,854
Restricted stock and performance shares	15,021	21,372
Convertible preferred stock	26,966	26,966
Convertible securities	332	1,992
Adjusted Weighted Average Common Shares Outstanding	1,224,727	1,280,455
Diluted Earnings per Share:		
Continuing operations	$ 0.23	$ 0.23
Discontinued operations	—	—
Total	$ 0.23	$ 0.23
The following securities were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive (shares in thousands):		
Stock options	7,742	25,230
Restricted stock and performance shares	19,183	18,412
Total Anti-Dilutive Securities	26,925	43,642
Dividends per Common Share	$ 0.0625	$ 0.0575

Note 18 – Contingencies and Litigation

Legal Matters

As more fully discussed below, we are involved in a variety of claims, lawsuits, investigations and proceedings concerning securities law, intellectual property law, environmental law, employment law and the Employee Retirement Income Security Act (ERISA). We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. We assess our potential liability by analyzing our litigation and regulatory matters using available information. We develop our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Brazil Tax and Labor Contingencies

Our Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes, as well as disputes associated with former employees and contract labor. The tax matters, which comprise a significant portion of the total contingencies, principally relate to claims for taxes on the internal transfer of inventory, municipal service taxes on rentals, gross revenue taxes and import taxes and duties. We are disputing these tax matters and intend to vigorously defend our position. Based on the opinion of legal counsel and current reserves for those matters deemed probable of loss, we do not believe that the ultimate resolution of these matters will materially impact our results of operations, financial position or cash flows.The labor matters principally relate to claims made by former employees and contract labor for the equivalent payment of all social security and other related labor benefits, as well as consequential tax claims, as if they were regular employees.

As of March 31, 2014, the total amounts related to the unreserved portion of the tax and labor contingencies, inclusive of any related interest, amounted to approximately $1 billion with the increase from December 31, 2013 balance of approximately $933, primarily related to currency and interest. With respect to the unreserved balance of $1 billion, the majority has been assessed by management as being remote as to the likelihood of ultimately resulting in a loss to the company. In connection with the above proceedings, customary local regulations may require us to make escrow cash deposits or post other security of up to half of the total amount in dispute. As of March 31, 2014, we had $171 of escrow cash deposits for matters we are disputing, and there are liens on certain Brazilian assets with a net book value of $8 and additional letters of credit of approximately $254, which include associated indexation. Generally, any escrowed amounts would be refundable and any liens would be removed to the extent the matters are resolved in our favor. We routinely assess all these matters as to probability of ultimately incurring a liability against our Brazilian operations and record our best estimate of the ultimate loss in situations where we assess the likelihood of an ultimate loss as probable.

Litigation Against the Company

In re Xerox Corporation Securities Litigation: A consolidated securities law action (consisting of 17 cases) is pending in the United States District Court for the District of Connecticut. Defendants are the Company, Barry Romeril, Paul Allaire and G. Richard Thoman. The consolidated action is a class action on behalf of all persons and entities who purchased Xerox Corporation common stock during the period October 22, 1998 through October 7, 1999 inclusive (Class Period) and who suffered a loss as a result of misrepresentations or omissions by Defendants as alleged by Plaintiffs (the “Class”). The Class alleges that in violation of Section 10(b) and/or 20(a) of the Securities Exchange Act of 1934, as amended (1934 Act), and SEC Rule 10b-5 thereunder, each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of the Company’s common stock during the Class Period by disseminating materially false and misleading statements and/or concealing material facts relating to the defendants’ alleged failure to disclose the material negative impact that the April 1998 restructuring had on the Company’s operations and revenues. The complaint further alleges that the alleged scheme: (i) deceived the investing public regarding the economic capabilities, sales proficiencies, growth, operations and the intrinsic value of the Company’s common stock; (ii) allowed several corporate insiders, such as the named individual defendants, to sell shares of privately held common stock of the Company while in possession of materially adverse, non-public information; and (iii) caused the individual plaintiffs and the other members of the purported class to purchase common stock of the Company at inflated prices. The complaint seeks unspecified compensatory damages in favor of the plaintiffs and the other members of the purported class against all defendants, jointly and severally, for all damages sustained as a result of defendants' alleged wrongdoing, including interest thereon, together with reasonable costs and expenses incurred in the action, including counsel fees and expert fees. In 2001, the Court denied the defendants' motion for dismissal of the complaint. The plaintiffs' motion for class certification was denied by the Court in 2006, without prejudice to refiling. In February 2007, the Court granted the motion of the International Brotherhood of Electrical Workers Welfare Fund of Local Union No. 164, Robert W. Roten, Robert Agius (Agius) and Georgia Stanley to appoint them as additional lead plaintiffs. In July 2007, the Court denied plaintiffs' renewed motion for class certification, without prejudice to renewal after the Court holds a pre-filing conference to identify factual disputes the Court will be required to resolve in ruling on the motion. After that conference and Agius's withdrawal as lead plaintiff and proposed class representative, in February 2008 plaintiffs filed a second renewed motion for class certification. In April 2008, defendants filed their response and motion to disqualify Milberg LLP as a lead counsel. On September 30, 2008, the Court entered an order certifying the class and denying the appointment of Milberg LLP as class counsel. Subsequently, on April 9, 2009, the Court denied defendants' motion to disqualify Milberg LLP. On November 6, 2008, the defendants filed a motion for summary judgment. On March 29, 2013, the Court granted defendants' motion for summary judgment in its entirety. On April 26, 2013, plaintiffs filed a notice of appeal to the United States Court of Appeals for the Second Circuit. The appeal process is ongoing. The individual defendants and we deny any wrongdoing and are vigorously defending the action. At this time, we do not believe it is reasonably possible that we will incur additional material losses in excess of the amount we have already accrued for this matter. In the course of litigation, we periodically engage in discussions with plaintiffs' counsel for possible resolution of this matter. Should developments cause a change in our determination as to an unfavorable outcome, or result in a final adverse judgment or a settlement for a significant amount, there could be a material adverse effect on our results of operations, cash flows and financial position in the period in which such change in determination, judgment or settlement occurs.

Other Contingencies

We have issued or provided the following guarantees as of March 31, 2014:

- $490 for letters of credit issued to (i) guarantee our performance under certain services contracts; (ii) support certain insurance programs; and (iii) support our obligations related to the Brazil tax and labor contingencies.
- $740 for outstanding surety bonds. Certain contracts, primarily those involving public sector customers, require us to provide a surety bond as a guarantee of our performance of contractual obligations.

In general, we would only be liable for the amount of these guarantees in the event of default in our performance of our obligations under each contract; the probability of which we believe is remote. We believe that our capacity in the surety markets as well as under various credit arrangements (including our Credit Facility) is sufficient to allow us to respond to future requests for proposals that require such credit support.

We have service arrangements where we service third party student loans in the Federal Family Education Loan program (FFEL) on behalf of various financial institutions. We service these loans for investors under outsourcing arrangements and do not acquire any servicing rights that are transferable by us to a third party. At March 31, 2014, we serviced a FFEL portfolio of approximately 3.1 million loans with an outstanding principal balance of approximately $44.5 billion. Some servicing agreements contain provisions that, under certain circumstances, require us to purchase the loans from the investor if the loan guaranty has been permanently terminated as a result of a loan default caused by our servicing error. If defaults caused by us are cured during an initial period, any obligation we may have to purchase these loans expires. Loans that we purchase may be subsequently cured, the guaranty reinstated and the loans repackaged for sale to third parties. We evaluate our exposure under our purchase obligations on defaulted loans and establish a reserve for potential losses, or default liability reserve, through a charge to the provision for loss on defaulted loans purchased. The reserve is evaluated periodically and adjusted based upon management's analysis of the historical performance of the defaulted loans. As of March 31, 2014, other current liabilities include reserves of approximately $2 for losses on defaulted loans purchased.

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis (MD&A) is intended to help the reader understand the results of operations and financial condition of Xerox Corporation. MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying notes.

Throughout this document, references to "we," "our," the "Company," and "Xerox" refer to Xerox Corporation and its subsidiaries. References to "Xerox Corporation" refer to the stand-alone parent company and do not include its subsidiaries.

To understand the trends in the business, we believe that it is helpful to analyze the impact of changes in the translation of foreign currencies into U.S. dollars on revenue and expenses. We refer to this analysis as "currency impact" or "the impact from currency." This includes translating the most recent financial results of operations using foreign currency of the earliest period presented. Currencies for our developing market countries (Latin America, Brazil, the Middle East, India, Eurasia and Central-Eastern Europe) are reflected at actual exchange rates for all periods presented, since these countries generally have volatile currency and inflationary environments, and our operations in these countries have historically implemented pricing actions to recover the impact of inflation and devaluation. We do not hedge the translation effect of revenues or expenses denominated in currencies where the local currency is the functional currency.

Overview

First quarter 2014 results reflect the benefits of our diversified portfolio of businesses as well as improved performance across a number of areas including Document Technology, Document Outsourcing and Commercial Business Processing Outsourcing (BPO), including Commercial Healthcare. These improvements were partially offset by challenges in our Government Healthcare business.

Total revenue of $5.1 billion for the three months ended March 31, 2014 declined 2% from the prior year with no impact from currency. Services segment revenues were flat as compared to the prior year as growth in Document Outsourcing (DO) and Information Technology Outsourcing (ITO) was offset by lower BPO revenue. Services segment revenues represent 57% of total revenues. Services segment margin of 8.6% decreased 0.7-percentage points as compared to the prior year primarily due to incremental costs associated with the implementation of our new Medicaid and health insurance exchange platforms. Document Technology segment revenues declined by 4% with a 1% positive impact from currency. The decline reflects the continued migration of customers to Xerox managed print services (included in our Services segment), weakness in developing markets and price declines as well as the impacts from the prior period sales of finance receivables. Document Technology segment margin of 12.2% increased by 3.4-percentage points as compared to the prior year, reflecting the benefits from productivity improvements and restructuring, lower pension expense and favorable currency impacts.

Net income from continuing operations attributable to Xerox for the three months ended March 31, 2014 was $279 million and included $52 million of after-tax amortization of intangibles. Net income from continuing operations attributable to Xerox for the three months ended March 31, 2013 was $293 million and included $51 million of after-tax amortization of intangibles.

Cash flow from operations was $286 million for the three months ended March 31, 2014, as compared to an $87 million use in the prior year period. The increase reflects improvements from accounts receivables and accounts payables, in part reflecting timing, as well as an improvement in inventory due to a higher level of inventory in 2013 related to our ConnectKey product launch. Cash used in investing activities of $120 million reflects capital expenditures of $103 million and acquisitions of $54 million partially offset by $33 million of proceeds from the sale of surplus real estate. Cash used in financing activities was $349 million, reflecting $74 million for dividends and $275 million for share repurchases.

As a result of the slower than anticipated start in Services revenue, we expect full year 2014 revenue in the range of flat to slightly down with contributions from acquisitions coming later in the year. Full year 2014 earnings are expected to be impacted by a lower than previously expected Services segment margin partially offset by a modest upside in Document Technology segment margin and a lower full-year tax rate. We will continue to improve our cost infrastructure and align our investments and capital consistent with expected market opportunities.

Financial Review

Revenues

	Three Months Ended March 31,			Three Months Ended March 31,	
(in millions)	2014	2013	% Change	% of Total Revenue 2014	% of Total Revenue 2013
Equipment sales	$ 715	$ 724	(1)%	14%	14%
Annuity revenue	4,406	4,478	(2)%	86%	86%
Total Revenue	**$ 5,121**	**$ 5,202**	**(2)%**	**100%**	**100%**
Reconciliation to Condensed Consolidated Statements of Income:					
Sales	$ 1,272	$ 1,293	(2)%		
Less: Supplies, paper and other sales	(557)	(569)	(2)%		
Equipment Sales	**$ 715**	**$ 724**	**(1)%**		
Outsourcing, maintenance and rentals	$ 3,749	$ 3,792	(1)%		
Add: Supplies, paper and other sales	557	569	(2)%		
Add: Financing	100	117	(15)%		
Annuity Revenue	**$ 4,406**	**$ 4,478**	**(2)%**		

First quarter 2014 **Total revenues** decreased 2% as compared to the first quarter 2013, with no impact from currency, and reflected the following:

- **Annuity revenue** decreased 2% as compared to the first quarter 2013, with no impact from currency. Annuity revenue is comprised of the following:
  - Outsourcing, maintenance and rentals revenue of $3,749 million includes outsourcing revenue within our Services segment and maintenance revenue (including bundled supplies) and rental revenue, both primarily within our Document Technology segment.The decrease of 1% was primarily driven by an decrease in the Document Technology segment.
  - Supplies, paper and other sales of $557 million includes unbundled supplies and other sales, primarily within our Document Technology segment. The decrease of 2% was driven by moderately lower supplies demand.
  - Financing revenue is generated from financed sale transactions primarily within our Document Technology segment. The decrease of 15% reflects a lower finance receivable balance primarily as a result of prior period sales of finance receivables and lower originations due to decreased equipment sales. See "Sales of Finance Receivables" section for further discussion.
- **Equipment sales revenue** is reported primarily within our Document Technology segment and the document outsourcing business within our Services segment. Equipment sales revenue decreased 1% as compared to the first quarter 2013, including a 1-percentage point positive impact from currency. Benefits from product introductions and a positive mix impact were more than offset by lower sales in developing markets and overall price declines ranging from 5% to 10%, which is consistent with prior periods.

Additional analysis of the change in revenue for each business segment is included in the “Segment Review” section.

Costs, Expenses and Other Income

Summary of Key Financial Ratios

	Three Months Ended March 31,		
	2014	2013	Change
Total Gross Margin	30.2%	30.5%	(0.3) pts
RD&E as a % of Revenue	2.8%	3.0%	(0.2) pts
SAG as a % of Revenue	18.8%	20.0%	(1.2) pts
Operating Margin[(1)]	**8.6%**	**7.5%**	**1.1 pts**
Pre-tax Income Margin	**5.7%**	**5.8%**	**(0.1) pts**

Operating Margin

First quarter 2014 operating margin[1] of 8.6% increased 1.1-percentage points as compared to the first quarter 2013, driven primarily by a 1.4-percentage point improvement in operating expenses as a percent of revenue partially offset by a decline in gross margin of 0.3-percentage points. This operating margin improvement reflects continued productivity and restructuring benefits partially offset by pressure on Services margins from higher government healthcare platform expenses and the run-off of the student loan business. As anticipated, gross margin, SAG and RD&E benefited from lower year-over-year pension expense and settlement losses and we expect these benefits to continue throughout 2014, but at a lower amount than in the first quarter.

(1) Refer to the Operating Margin reconciliation table in the Non-GAAP Financial Measures section.

Gross Margins

Total gross margin for the first quarter 2014 of 30.2% decreased 0.3-percentage points as compared to the first quarter 2013. While the Document Technology segment gross margin increased 1.2-percentage points, a decrease of 0.7-percentage points in the Services segment gross margin, along with the impact of a higher mix of Services revenue, resulted in the overall decrease in gross margin.

Research, Development and Engineering Expenses (RD&E)

	Three Months Ended March 31,		
(in millions)	2014	2013	Change
R&D	$ 113	$ 126	$ (13)
Sustaining engineering	31	28	3
Total RD&E Expenses	**$ 144**	**$ 154**	**$ (10)**

First quarter 2014 RD&E as a percentage of revenue of 2.8% was lower by 0.2-percentage points from the first quarter 2013. Benefits from the higher mix of Services revenue (which historically has lower RD&E as a percentage of revenue), lower spending and productivity improvements exceeded the overall revenue decline on a percentage basis.

RD&E of $144 million was $10 million lower than the first quarter 2013, reflecting the impact of restructuring and productivity improvements.

Innovation continues to be a core strength and we continue to invest at levels that enhance our innovation, particularly in Services, color and software. Xerox R&D is strategically coordinated with Fuji Xerox.

Selling, Administrative and General Expenses (SAG)

SAG as a percentage of revenue of 18.8% decreased 1.2-percentage points from the first quarter 2013. The decrease was driven primarily by the higher mix of Services revenue (which historically has lower SAG as a percentage of revenue), restructuring and productivity improvements, lower compensation and benefit related expenses and lower bad debt expense. The net reduction in SAG spending exceeded the overall revenue decline on a percentage basis.

SAG of $961 million was $79 million lower than the first quarter 2013. This included a $3 million unfavorable impact from currency for the quarter. SAG expenses reflect the following:

- $32 million decrease in selling expenses.
- $37 million decrease in general and administrative expenses.
- $10 million decrease in bad debt expenses to $14 million, primarily due to a recovery against a prior period write-off. Bad debt expense for the quarter remained at less than one percent of receivables.

Restructuring and Asset Impairment Charges

During the first quarter 2014, we recorded net restructuring and asset impairment charges of $27 million, which included approximately $28 million of severance costs related to headcount reductions of approximately 1,250 employees worldwide, $1 million of lease cancellation costs and $4 million of asset impairments. Included within these amounts are approximately $4 million of severance costs and asset impairments associated with the decision to shut down a Services business in Latin America. These costs were partially offset by $6 million of net reversals for changes in estimated reserves from prior period initiatives.

During the first quarter 2013, we recorded net restructuring and asset impairment credits of $8 million, primarily resulting from net reversals and adjustments in estimated reserves from prior period initiatives.

The restructuring reserve balance as of March 31, 2014, for all programs was $102 million, of which approximately $96 million is expected to be spent over the next twelve months.

We expect to incur additional restructuring charges of approximately $0.02 per diluted share in the second quarter of 2014, for actions and initiatives which have not yet been finalized.

Refer to Note 10 - Restructuring Programs, in the Condensed Consolidated Financial Statements for additional information regarding our restructuring programs.

Worldwide Employment

Worldwide employment of approximately 141,400 at March 31, 2014 decreased by approximately 1,700 from December 31, 2013, primarily due to restructuring-related actions and normal attrition outpacing hiring and the impact of acquisitions.

Other Expenses, Net

	Three Months Ended March 31,	
(in millions)	2014	2013
Non-financing interest expense	$ 64	$ 61
Interest income	(2)	(2)
Gains on sales of businesses and assets	(30)	—
Currency losses (gains), net	1	(4)
Litigation matters	(1)	(37)
Loss on sales of accounts receivable	4	4
Deferred compensation investment gains	(2)	(6)
All other expenses, net	6	1
Total Other Expenses, Net	**$ 40**	**$ 17**

Note: Total Other Expenses, Net with the exception of Deferred compensation investment gains are included in the Other segment. Deferred compensation investment gains are included in the Services segment together with the related deferred compensation expense.

Non-Financing Interest Expense: Non-financing interest expense for the three months ended March 31, 2014 of $64 million was $3 million higher than the prior year comparable period. However, when non-financing interest expense is combined with financing interest expense (cost of financing), total company interest expense declined by $4 million from the prior year comparable period, primarily driven by a lower average debt balance partially offset by a moderately higher average cost of debt.

Gains on Sales of Businesses and Assets: Gains on sales of businesses and assets in the first quarter 2014 was primarily the result of a $30 million gain on the sale of a surplus facility in Latin America.

Litigation Matters: Litigation matters for the three months ended March 31, 2013 of $(37) million primarily reflects the benefit resulting from a reserve reduction related to litigation developments in the first quarter 2013.

Income Taxes

First quarter 2014 effective tax rate was 16.8%. On an adjusted basis [1], the first quarter 2014 tax rate was 21.6%, which was lower than the U.S. statutory tax rate primarily due to a net benefit of approximately $33 million resulting from the redetermination of certain unrecognized tax positions upon conclusion of several audits as will as foreign tax credits from anticipated dividends.

The effective tax rate for the three months ended March 31, 2013 was 16.7%. On an adjusted basis [1] the tax rate for the three months ended March 31, 2013 was 21.4%. The adjusted tax rates for the three months were lower than the U.S. statutory tax rate primarily due to foreign tax credits resulting from anticipated dividends and other foreign transactions and the retroactive tax benefits from the American Taxpayer Relief Act of 2012 tax law change of approximately $19 million.

Xerox operations are widely dispersed. The statutory tax rate in most non-U.S. jurisdictions is lower than the combined U.S. and state tax rate. The amount of income subject to these lower foreign rates relative to the amount of U.S. income will impact our effective tax rate. However, no one country outside of the U.S. is a significant factor to our overall effective tax rate. Certain foreign income is subject to U.S. tax net of any available foreign tax credits. Our full-year effective tax rate includes a benefit of approximately 10 percentage points from these non-U.S. operations, which is comparable to 2013.

Our effective tax rate is based on nonrecurring events as well as recurring factors, including the taxation of foreign income. In addition, our effective tax rate will change based on discrete or other nonrecurring events that may not be predictable. Excluding the effects of intangibles amortization, we anticipate that our effective tax rate for the remaining quarters of 2014 will be approximately 25% to 27% and for the full year we anticipate it will be approximately 24% to 26%.

(1) Refer to the Effective Tax Rate reconciliation table in the Non-GAAP Financial Measures section.

Equity in Net Income of Unconsolidated Affiliates

	Three Months Ended March 31,	
(in millions)	2014	2013
Total equity in net income of unconsolidated affiliates	$ 42	$ 47
Fuji Xerox after-tax restructuring costs included in equity income	3	4

Equity in net income of unconsolidated affiliates primarily reflects our 25% share of Fuji Xerox net income. The decrease in equity income is due primarily to negative translation currency impact.

Net Income from Continuing Operations

First quarter 2014 net income from continuing operations attributable to Xerox was $279 million, or $0.23 per diluted share. On an adjusted basis[1], net income from continuing operations attributable to Xerox was $331 million, or $0.27 per diluted share and reflects the adjustment for amortization of intangible assets.

First quarter 2013 net income from continuing operations attributable to Xerox was $293 million, or $0.23 per diluted share. On an adjusted basis[1], net income from continuing operations attributable to Xerox was $344 million, or $0.27 per diluted share and reflected adjustments for the amortization of intangible assets.

(1) Refer to the Net Income and EPS reconciliation table in the Non-GAAP Financial Measures section.

Discontinued Operations

In 2013, in connection with our decision to exit from the Paper distribution business, we completed the sale of our North American (N.A.) and Western European Paper businesses. As a result of these transactions, we reported these paper-related operations as Discontinued Operations and reclassified their results from the Other segment to Discontinued Operations in 2013. We recorded a net pre-tax loss on disposal of $25 million in 2013 for the disposition of these businesses. In the first quarter 2014, we recorded income of $2 million in discontinued operations primarily representing adjustments to the loss on disposal recorded in 2013 due to changes in estimates.

Refer to Note 5 - Divestitures, in the Condensed Consolidated Financial Statements for additional information regarding discontinued operations.

Net Income

First quarter 2014 net income attributable to Xerox was $281 million, or $0.23 per diluted share. First quarter 2013 net income attributable to Xerox was $296 million, or $0.23 per diluted share.

Other Comprehensive Income

First quarter 2014 Other comprehensive loss attributable to Xerox was $ 59 million as compared to a $268 million loss in the first quarter 2013. The decreased loss of $209 million was primarily due to a significant decrease in the losses from the translation of our foreign currency denominated net assets in the first quarter 2014 as compared to the first quarter 2013, which was only partially offset by net changes in our defined benefit plans. The lower amount of translation losses are primarily the result of a relatively flat movement of our major foreign currencies against the U.S. Dollar in the first quarter of 2014 as compared to a significant weakening in the first quarter of 2013. Refer to Note 14 - Employee Benefit Plans, in the Condensed Consolidated Financial Statements for additional information regarding net changes in our defined benefit plans.

Segment Review

	Three Months Ended March 31,					
(in millions)	Equipment Sales Revenue	Annuity Revenue	Total Revenue	% of Total Revenue	Segment Profit (Loss)	Segment Margin
2014						
Services	$ 116	$ 2,807	$ 2,923	57%	$ 251	8.6 %
Document Technology	576	1,469	2,045	40%	250	12.2 %
Other	23	130	153	3%	(51)	(33.3)%
Total	**$ 715**	**$ 4,406**	**$ 5,121**	**100%**	**$ 450**	**8.8 %**
2013						
Services	$ 100	$ 2,820	$ 2,920	56%	$ 273	9.3 %
Document Technology	597	1,538	2,135	41%	187	8.8 %
Other	27	120	147	3%	(70)	(47.6)%
Total	**$ 724**	**$ 4,478**	**$ 5,202**	**100%**	**$ 390**	**7.5 %**

Services

Our Services segment comprises three service offerings: Business Process Outsourcing (BPO), Document Outsourcing (DO) and Information Technology Outsourcing (ITO).

Revenue

(in millions)	Three Months Ended March 31, 2014		2013	Change
Business Processing Outsourcing	$	1,767	$ 1,802	(2)%
Document Outsourcing		823	788	4 %
Information Technology Outsourcing		378	375	1 %
Less: Intra-segment elimination		(45)	(45)	— %
Total Services Revenue	**$**	**2,923**	**$ 2,920**	**— %**

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Note: The 2013 BPO and ITO revenues have been revised to conform to the 2014 presentation of revenues.

First quarter 2014 Services total revenue of $2,923 million was 57% of total revenue and was essentially flat with the first quarter 2013, with no impact from currency.

- BPO revenue decreased 2% and represented 59% of total Services revenue. The anticipated run-off of the student loan business had a 2% negative impact on BPO revenue growth in the quarter. Growth in the commercial and government healthcare businesses and in the commercial European BPO businesses was offset by lower volumes in portions of our customer care and government and transportation businesses.
  - First quarter 2014 BPO revenue mix across the major business areas was as follows: commercial 45%, government and transportation 25%. commercial healthcare 17% and government healthcare 13%.
- DO revenue increased 4% and represented 28% of total Services revenue. DO growth was driven primarily by our partner print services offerings and improvement in Europe.
- ITO revenue increased 1% and represented 13% of total Services revenue. ITO growth was driven by the continued revenue ramp from prior period signings and strength in our healthcare offerings. As expected, ITO growth continues to decelerate as compared to prior quarters

Considering the slower than anticipated start in Services revenue in the first quarter 2014 and the delayed contribution from acquisitions, we expect Services revenues will grow approximately 3% for the full year 2014. However, we expect revenue growth to average in the mid-single digits in the second half of the year reflecting a ramp in signings, renewals, a strong pipeline and acquisitions as well as the lessening impact from the run-off of the student loan business.

Segment Margin

First quarter 2014 Services segment margin of 8.6% decreased 0.7-percentage points from the first quarter 2013, driven primarily by a gross margin decline of 0.7-percentage points, as margin improvements in DO, commercial BPO and commercial healthcare were more than offset by decreased margin in government healthcare. Productivity improvements and restructuring benefits were not enough to offset higher expenses in the government healthcare business associated with the implementation of our Medicaid and Health Insurance Exchange platforms, the anticipated run-off of the student loan business and price declines that were consistent with prior periods. SAG and RD&E combined improved moderately overall and as a percent of revenue. The higher than anticipated government healthcare platform costs had a 0.7-percentage point negative impact on segment margin.

Full year 2014 Services segment margin is expected to be flat to 0.4-percentage points lower as compared to full year 2013 segment margin of 9.8%, reflecting our first quarter 2014 performance and expectations for continued higher costs in government healthcare. Longer term, we expect to continue to take actions to improve our mix to higher value offerings while continuing to drive productivity and cost structure improvements.

Metrics

Pipeline: Our total Services sales pipeline grew 9% over the first quarter 2013. This sales pipeline includes the Total Contract Value (TCV) of new business opportunities that potentially could be contracted within the next six months and excludes business opportunities with estimated annual recurring revenue in excess of $100 million.

Signings: Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts.

Signings were as follows:

(in millions)	Three Months Ended March 31, 2014
BPO	$ 2.1
DO	0.7
ITO	0.2
Total Signings	**$ 3.0**

Signings on a trailing twelve month basis increased 1% in relation to the comparable prior year period. Signings decreased 20% as compared to the first quarter 2013, primarily due to a much lower level of renewal decisions than in first quarter 2013, and lower new business signings which were partially impacted by customer decision delays. New business annual recurring revenue (ARR) and non-recurring revenue (NRR) decreased 7% from the first quarter 2013, partially attributable to customer decision delays in the quarter. The above DO signings amount does not include signings from our partner print services offerings.

Note: TCV is the estimated total revenue for future contracts for the pipeline or signed contracts for signings, as applicable.

Renewal Rate (BPO and ITO): Renewal rate is defined as the ARR on contracts that are renewed during the period as a percentage of ARR on all contracts on which a renewal decision was made during the period. The first quarter 2014 contract renewal rate for BPO and ITO contracts was 91%, which was 2-percentage points higher than the first quarter 2013 and exceeded target range of 85% to 90%. Although the renewal rate was higher, total renewal decisions were lower than the first quarter 2013.

Document Technology

Our Document Technology segment includes the sale of products and supplies, as well as the associated maintenance and financing of those products.

Revenue

	Three Months Ended March 31,		
(in millions)	2014	2013	Change
Equipment sales	$ 576	$ 597	(4)%
Annuity revenue	1,469	1,538	(4)%
Total Revenue	**$ 2,045**	**$ 2,135**	**(4)%**

First quarter 2014 Document Technology revenue of $2,045 million decreased 4% from the first quarter 2013, including a 1-percentage point positive impact from currency. Document Technology revenue excludes the impact of growth in Document Outsourcing. Inclusive of Document Outsourcing, first quarter 2014 aggregate document-related revenue decreased 2% from the first quarter 2013. Document Technology segment revenue results included the following:

- Equipment sales revenue decreased by 4% from the first quarter 2013 with no impact from currency. Equipment sales continue to benefit from product refreshes in 2013, growth and acquisitions in the small and mid-sized business market and increased demand for color digital production presses. These benefits were more than offset by the continued migration of customers to our growing partner print services offering (included in our Services segment), weakness in developing markets and price declines, which were in the historical 5% to 10% range.
- Annuity revenue decreased by 4% from the first quarter 2013, including a 1-percentage point positive impact from currency. The decrease reflects a modest decline in total pages, weakness in developing markets and a continued decline in financing revenue as a result of prior period sales of finance receivables and lower originations. Annuity revenue is also impacted by the continued migration of customers to our partner print services offering (included in our Services segment).
- Document Technology revenue mix was 57% mid-range, 22% high-end and 21% entry, consistent with recent quarters.

Total revenue declines are expected to remain at the mid-single digit level for the Document Technology segment. The 2014 expected revenue decline for the Document Technology segment is consistent with the trend we have experienced for this segment over the past two years as we continue to transform the company from a technology-based equipment company to a document outsourcing services-based entity and customers continue to migrate their business to more services-based offerings. These services-based offerings are reported within our Services segment. This business is also heavily impacted by price and page declines. Consistent with this trend, annual revenue declines are expected in future years.

Segment Margin

First quarter 2014 Document Technology segment margin of 12.2% increased by 3.4-percentage points from the first quarter 2013, driven by a 1.2-percentage point increase in gross margin as the benefits from restructuring, cost productivities, lower pension expense and settlement losses, and favorable currency on Yen-based purchases more than offset price declines. SAG and RD&E benefits from restructuring, productivity improvements and lower pension and settlement losses more than offset the impact of overall lower revenues on a percentage basis.

We expect Document Technology segment margin to remain strong and be at the high end of our target range of 9 to 11% for the full-year 2014. We continue to maintain our focus on productivity and cost improvements in light of the expected decline in revenues.

Total Installs (Document Technology and Document Outsourcing[1])

Install activity includes installations for document outsourcing and Xerox-branded products shipped to Global Imaging Systems. Details by product groups is shown below:

Entry: Installs for the first quarter 2014:
- 20% increase in color multifunction devices driven by demand for the WorkCentre® products.
- 2% increase in color printers.
- 4% decrease in black-and-white multifunction devices driven by developing markets.

Mid-Range: Installs for the first quarter 2014 :
- 7% increase in mid-range color devices driven by demand for the ConnectKey products.
- 14% decrease in of mid-range black-and-white devices.

High-End: Installs for the first quarter 2014:
- 33% increase in high-end color systems driven by growth in the Color J75 and C75 Presses and the iGen as we continue to strengthen our market leadership in the Production Color segment. Excluding Fuji Xerox DFE sales, high-end color installs increased 47%.
- 14% decrease in high-end black-and-white systems, reflecting decreased demand across our DocuPrint and Nuvera product lines.

Note: Install activity percentages include installations for Document Outsourcing and the Xerox-branded product shipments to Global Imaging Systems. Descriptions of "Entry", "Mid-range" and "High-end" are defined in Note 3 - Segment Reporting, in the Condensed Consolidated Financial Statements.

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(1) Equipment sales associated with Document Outsourcing are reported in our Services segment revenue.

Other

Revenue

First quarter 2014 Other revenue of $153 million increased 4% from the first quarter 2013, with a 1-percentage point positive impact from currency. The increase is due primarily to higher sales of electronic presentation systems. After the aforementioned presentation of our N.A. and European Paper distribution businesses as discontinued operations, total paper revenue (all within developing markets) comprised approximately 40% of the first quarter 2014 Other segment revenue.

Segment Margin

First quarter 2014 Other segment loss of $51 million decreased $19 million from the first quarter 2013, primarily driven by the previously discussed gain on the sale of the surplus facility in Latin America partially offset by increased non-financing interest expense and currency impacts. Non-financing interest expense as well as all Other expenses, net (excluding Deferred compensation investment gains) are reported within the Other segment.

Capital Resources and Liquidity

As of March 31, 2014 and December 31, 2013, total cash and cash equivalents were $1,567 million and $1,764 million, respectively. There were no borrowings under our Commercial Paper Program or letters of credit under our $2 billion Credit Facility at March 31, 2014 and December 31, 2013.

Cash Flow Analysis

The following table summarizes our cash and cash equivalents:

	Three Months Ended March 31,		
(in millions)	2014	2013	Change
Net cash provided by (used in) operating activities	$ 286	$ (87)	$ 373
Net cash used in investing activities	(120)	(153)	33
Net cash used in financing activities	(349)	(1)	(348)
Effect of exchange rate changes on cash and cash equivalents	(14)	(12)	(2)
Decrease in cash and cash equivalents	(197)	(253)	56
Cash and cash equivalents at beginning of period	1,764	1,246	518
Cash and Cash Equivalents at End of Period	**$ 1,567**	**$ 993**	**$ 574**

Cash Flows from Operating Activities

Net cash provided by operating activities was $286 million in the first quarter 2014. The $373 million increase in operating cash from the first quarter 2013 was primarily due to the following:

- $82 million increase in pre-tax income before depreciation and amortization, restructuring and litigation.
- $129 million increase from accounts receivable primarily due to lower year-end 2013 accelerated collection programs such as early pay discounts.
- $102 million increase in accounts payable and accrued compensation primarily related to the timing of accounts payable payments.
- $47 million increase primarily due to higher levels of inventory in the first quarter 2013 to support the ConnectKey product launch.
- $46 million increase due to the timing of settlements of foreign currency derivative contracts. These derivatives primarily relate to hedges of Yen inventory purchases.
- $41 million decrease due to lower net run-off of finance receivables primarily related to the impact from the prior period sales of receivables. See "Sales of Finance Receivables" for further discussion.

We continue to expect that cash flows from operations will be between $1.8 and $2.0 billion for 2014, which includes the adverse impact of prior period sales of finance receivables of approximately $400 million. No sales of finance receivables are planned for 2014.

Cash Flows from Investing Activities

Net cash used in investing activities was $120 million in the first quarter 2014. The $33 million decrease in the use of cash from the first quarter 2013 was primarily due to proceeds from the sale of a surplus facility in Latin America.

Cash Flows from Financing Activities

Net cash used in financing activities was $349 million in the first quarter 2014. The $348 million increase in the use of cash from the first quarter 2013 was primarily due to the following:

- $53 million lower net proceeds on debt primarily due to the prior year increase of $40 million in Commercial Paper.
- $265 million increase in share repurchase activity.
- $29 million increase due to higher common stock dividends of $16 million as well as distributions to noncontrolling interests of $13 million.

Customer Financing Activities and Debt

The following represents our Total finance assets, net associated with our lease and finance operations:

(in millions)	March 31, 2014	December 31, 2013
Total Finance receivables, net[(1)]	$ 4,479	$ 4,530
Equipment on operating leases, net	541	559
Total Finance Assets, net[(2)]	**$ 5,020**	**$ 5,089**

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(1) Includes (i) billed portion of finance receivables, net, (ii) finance receivables, net and (iii) finance receivables due after one year, net as included in our Condensed Consolidated Balance Sheets.

(2) The change from December 31, 2013 includes an decrease of $22 million due to currency across all Finance Assets, with the remainder due primarily to repayments exceeding new originations.

Our lease contracts permit customers to pay for equipment over time rather than at the date of installation; therefore, we maintain a certain level of debt (that we refer to as financing debt) to support our investment in these lease contracts, which are reflected in Total Finance assets, net. For this financing aspect of our business, we maintain an assumed 7:1 leverage ratio of debt to equity as compared to our finance assets. Based on this leverage, the following represents the breakdown of total debt between financing debt and core debt:

(in millions)	March 31, 2014	December 31, 2013
Financing debt[(1)]	$ 4,393	$ 4,453
Core debt	3,612	3,568
Total Debt	**$ 8,005**	**$ 8,021**

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(1) Financing debt includes $3,919 million and $3,964 million as of March 31, 2014 and December 31, 2013, respectively, of debt associated with Total finance receivables, net and is the basis for our calculation of "Equipment financing interest" expense. The remainder of the financing debt is associated with Equipment on operating leases.

The following summarizes the components of our debt:

(in millions)	March 31, 2014	December 31, 2013
Principal debt balance[1]	$ 7,975	$ 7,979
Net unamortized discount	(56)	(58)
Fair value adjustments[2]	86	100
Total Debt	**$ 8,005**	**$ 8,021**

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(1) *Includes Notes Payable of $6 million and $5 million as of March 31, 2014 and December 31, 2013, respectively.*

(2) *Fair value adjustments include the following - (i) fair value adjustments to debt associated with terminated interest rate swaps, which are being amortized to interest expense over the remaining term of the related notes; and (ii) changes in fair value of hedged debt obligations attributable to movements in benchmark interest rates. Hedge accounting requires hedged debt instruments to be reported inclusive of any fair value adjustment.*

Credit Facility

In March 2014, we entered into an Amended and Restated Credit Agreement that extended the maturity date of our $2.0 billion unsecured revolving Credit Facility to March 2019 from December 2016. The amendment also included modest improvements in pricing and minor changes in the composition of the group of lenders.

At March 31, 2014 we had no outstanding borrowings or letters of credit under our Credit Facility.

Refer to Note 11 - Debt in the Condensed Consolidated Financial Statements for additional information.

Sales of Accounts Receivable

Accounts receivable sales arrangements are utilized in the normal course of business as part of our cash and liquidity management. We have facilities in the U.S., Canada and several countries in Europe that enable us to sell to third-parties, on an on-going basis, certain accounts receivables without recourse. The accounts receivables sold are generally short-term trade receivables with payment due dates of less than 60 days.

Accounts receivables sales were as follows:

	Three Months Ended March 31,	
(in millions)	2014	2013
Accounts receivable sales	$ 822	$ 854
Deferred proceeds	124	115
Loss on sales of accounts receivable	4	4
Estimated increase to operating cash flows[1]	11	16

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(1) *Represents the difference between current and prior period receivable sales adjusted for the effects of: (i) the deferred proceeds, (ii) collections prior to the end of the quarter, and (iii) currency.*

Refer to Note 6 - Accounts Receivable, Net in the Condensed Consolidated Financial Statements for additional information.

Sales of Finance Receivables

In the third and fourth quarters of 2013 and 2012, we transferred our entire interest in certain groups of lease finance receivables to third-party entities. The transfers were accounted for as sales and resulted in the derecognition of the lease receivables with a net carrying value of $676 million and $682 million, respectively, and associated pre-tax gains of $40 million and $44 million, respectively. We continue to service the sold receivables and record servicing fee income over the expected life of the associated receivables.

The net impact on operating cash flows from these transactions for the periods presented is summarized below:

(in millions)	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Net cash received for sales of finance receivables	$ —	$ —
Impact from prior sales of finance receivables [(1)]	(149)	(91)
Collections on beneficial interest	26	2
Estimated Decrease to Operating Cash Flows	$ (123)	$ (89)

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(1) Represents cash that would have been collected if we had not sold finance receivables.

Refer to Note 7 - Finance Receivables, Net in the Condensed Consolidated Financial Statements for additional information.

Liquidity and Financial Flexibility

We manage our worldwide liquidity using internal cash management practices, which are subject to (1) the statutes, regulations and practices of each of the local jurisdictions in which we operate, (2) the legal requirements of the agreements to which we are a party and (3) the policies and cooperation of the financial institutions we utilize to maintain and provide cash management services.

Our principal debt maturities are in line with historical and projected cash flows and are spread over the next ten years as follows (in millions):

Year	Amount
2014 Q2	$ 1,070
2014 Q3	12
2014 Q4	11
2015	1,287
2016	979
2017	1,022
2018	1,013
2019	1,157
2020	7
2021	1,067
2022	—
2023 and thereafter	350
Total	**$ 7,975**

Treasury Stock

During the first quarter 2014, we repurchased 24.9 million shares for an aggregate cost of $275 million, including fees. Through April 28, 2014, we repurchased an additional 5.2 million shares at an aggregate cost of $59.2 million, including fees, for a cumulative total of 523.6 million shares at a cost of $5.7 billion, including fees.

We increased our expected full year 2014 total share repurchases from at least $500 million, previously disclosed, to at least $700 million.

Financial Risk Management

We are exposed to market risk from changes in foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. These derivative financial instruments are utilized to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We enter into limited types of derivative contracts, including interest rate swap agreements, foreign currency spot, forward and swap contracts and net purchased foreign currency options to manage interest rate and foreign currency exposures. Our primary foreign currency market exposures include the Yen, Euro and Pound Sterling. The fair market values of all our derivative contracts change with fluctuations in interest rates and/or currency rates and are designed so that any changes in their values are offset by changes in the values of the underlying exposures. Derivative financial instruments are held solely as risk management tools and not for trading or speculative purposes.

We are required to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. As permitted, certain of these derivative contracts have been designated for hedge accounting treatment. Certain of our derivatives that do not qualify for hedge accounting are effective as economic hedges. These derivative contracts are likewise required to be recognized each period at fair value and therefore do result in some level of volatility. The level of volatility will vary with the type and amount of derivative hedges outstanding, as well as fluctuations in the currency and interest rate markets during the period. The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

By their nature, all derivative instruments involve, to varying degrees, elements of market and credit risk. The market risk associated with these instruments resulting from currency exchange and interest rate movements is expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. We do not believe there is significant risk of loss in the event of non-performance by the counterparties associated with these instruments because these transactions are executed with a diversified group of major financial institutions. Further, our policy is to deal with counterparties having a minimum investment grade or better credit rating. Credit risk is managed through the continuous monitoring of exposures to such counterparties.

The current market events have not required us to materially modify or change our financial risk management strategies with respect to our exposures to interest rate and foreign currency risk. Refer to Note 12 – Financial Instruments in the Condensed Consolidated Financial Statements for further discussion and information on our financial risk management strategies.

Non-GAAP Financial Measures

We have reported our financial results in accordance with generally accepted accounting principles (GAAP). In addition, we have discussed the non-GAAP measures described below. 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

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

Our adjustments are limited to the amortization of intangible assets which 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 expenses. In addition to the above excluded item, operating income and margin also exclude Other expenses, net as well as Restructuring and asset impairment charges. Other expenses, net is primarily composed of non-financial interest expense and other non-operating costs and expenses. Restructuring and asset impairment charges consist of costs primarily related to severance and benefits for employees pursuant to formal restructuring and workforce reduction plans. Such charges are expected to yield future benefits and savings with respect to our operational performance. We exclude these amounts in order to evaluate our current and past operating performance and to better understand the expected future trends in our business.

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, the following 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:

	Three Months Ended March 31, 2014		Three Months Ended March 31, 2013	
(in millions; except per share amounts)	Net Income	EPS	Net Income	EPS
As Reported[(1)]	$ 279	$ 0.23	$ 293	$ 0.23
Adjustments:				
Amortization of intangible assets	52	0.04	51	0.04
Adjusted	$ 331	$ 0.27	$ 344	$ 0.27
Weighted average shares for adjusted EPS [(2)]		1,225		1,280
Fully diluted shares at end of period [(3)]		1,213		

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(1) Net income and EPS from continuing operations attributable to Xerox.
(2) Average shares for the calculation of adjusted EPS include 27 million of shares associated with the Series A convertible preferred stock and therefore the related quarterly dividend was excluded.
(3) Represents common shares outstanding at March 31, 2014, 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 first quarter 2014.

Effective Tax reconciliation:

(in millions)	Three Months Ended March 31, 2014 Pre-Tax Income	Three Months Ended March 31, 2014 Income Tax Expense	Effective Tax Rate	Three Months Ended March 31, 2013 Pre-Tax Income	Three Months Ended March 31, 2013 Income Tax Expense	Effective Tax Rate
As Reported[(1)]	$ 291	$ 49	16.8%	$ 300	$ 50	16.7%
Adjustments:						
Amortization of intangible assets	84	32		83	32	
Adjusted	$ 375	$ 81	21.6%	$ 383	$ 82	21.4%

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(1) Pre-tax income and Income tax expense from continuing operations attributable to Xerox.

Operating Income / Margin reconciliation:

(in millions)	Three Months Ended March 31, 2014 Profit	Three Months Ended March 31, 2014 Revenue	Margin	Three Months Ended March 31, 2013 Profit	Three Months Ended March 31, 2013 Revenue	Margin
Reported Pre-tax Income[(1)]	$ 291	$ 5,121	5.7%	$ 300	$ 5,202	5.8%
Adjustments:						
Amortization of intangible assets	84			83		
Xerox restructuring charge	27			(8)		
Other expenses, net	40			17		
Adjusted Operating Income/Margin	$ 442	$ 5,121	8.6%	$ 392	$ 5,202	7.5%
Equity in net income of unconsolidated affiliates	42			47		
Business transformation costs	3			—		
Fuji Xerox restructuring charge	3			4		
Litigation matters	—			(37)		
Other expenses, net*	(40)			(16)		
Segment Profit / Revenue	$ 450	$ 5,121	8.8%	$ 390	$ 5,202	7.5%

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** Includes rounding adjustments.*

(1) Profit and revenue from continuing operations attributable to Xerox.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the caption "Financial Risk Management" of this Quarterly Report on Form 10-Q is hereby incorporated by reference in answer to this Item.

ITEM 4 — CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management evaluated, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms relating to Xerox Corporation, including our consolidated subsidiaries, and was accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls

In connection with the evaluation required by paragraph (d) of Rule 13a-15 under the Exchange Act, there was no change identified in our internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information set forth under Note 18 – Contingencies and Litigation contained in the "Notes to Condensed Consolidated Financial Statements" of this Quarterly Report on Form 10-Q is incorporated by reference in answer to this Item.

ITEM 1A — RISK FACTORS

Reference is made to the Risk Factors set forth in Part I, Item 1A of our 2013 Annual Report. The Risk Factors remain applicable from our 2013 Annual Report.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Sales of Unregistered Securities during the Quarter ended March 31, 2014

During the quarter ended March 31, 2014, Registrant issued the following securities in transactions that were not registered under the Securities Act of 1933, as amended (the "Act").

Semi-Annual Director Fees:

a. Securities issued on January 15, 2014: Registrant issued 47,376 deferred stock units (DSUs), representing the right to receive shares of Common stock, par value $1 per share, at a future date.
b. No underwriters participated. The shares were issued to each of the non-employee Directors of Registrant: Glenn A. Britt, Richard J. Harrington, William Curt Hunter, Robert J. Keegan, Robert A. McDonald, Charles Prince, Ann N. Reese, Sara Martinez Tucker and Mary Agnes Wilderotter.
c. The DSUs were issued at a deemed purchase price of $12.35 per DSU (aggregate price $585,094), based upon the market value on the date of issuance, in payment of the semi-annual Director's fees pursuant to Registrant's 2004 Equity Compensation Plan for Non-Employee Directors.
d. Exemption from registration under the Act was claimed based upon Section 4(2) as a sale by an issuer not involving a public offering.

Dividend Equivalent:

a. Securities issued on January 31, 2014: Registrant issued 3,753 DSUs, representing the right to receive shares of Common stock, par value $1 per share, at a future date.
b. No underwriters participated. The shares were issued to each of the non-employee Directors of Registrant: Glenn A. Britt, Richard J. Harrington, William Curt Hunter, Robert J. Keegan, Robert A. McDonald, Charles Prince, Ann N. Reese, Sara Martinez Tucker and Mary Agnes Wilderotter.
c. The DSUs were issued at a deemed purchase price of $12.18 per DSU (aggregate price $45,712), based upon the market value on the date of record, in payment of the dividend equivalents due to DSU holders pursuant to Registrant's 2004 Equity Compensation Plan for Non-Employee Directors.
d. Exemption from registration under the Act was claimed based upon Section 4(2) as a sale by an issuer not involving a public offering.

(b) Issuer Purchases of Equity Securities during the Quarter ended March 31, 2014

Repurchases of Xerox Common Stock, par value $1.00 per share include the following:

Board Authorized Share Repurchase Programs:

	Total Number of Shares Purchased	Average Price Paid per Share(1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Approximate Dollar Value of Share That May Yet Be Purchased Under the Plans or Programs(2)
January 1 through 31	5,993,439	$ 11.67	5,993,439	$ 1,044,331,819
February 1 through 28	11,711,100	10.69	11,711,100	919,172,063
March 1 through 31	7,245,910	10.91	7,245,910	840,121,791
Total	24,950,449		24,950,449	

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(1) *Exclusive of fees and costs.*
(2) *Of the cumulative $6.5 billion of share repurchase authority previously granted by our Board of Directors, exclusive of fees and expenses, approximately $5.7 billion has been used through March 31, 2014. Repurchases may be made on the open market, or through derivative*

or negotiated transactions. Open-market repurchases will be made in compliance with the Securities and Exchange Commission's Rule 10b-18, and are subject to market conditions, as well as applicable legal and other considerations.

Repurchases Related to Stock Compensation Programs [(1)]:

	Total Number of Shares Purchased	Average Price Paid per Share[(2)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum That May Be Purchased under the Plans or Programs
January 1 through 31	84,977	$ 12.17	n/a	n/a
February 1 through 28	—	—	n/a	n/a
March 1 through 31	—	—	n/a	n/a
Total	84,977			

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(1) These repurchases are made under a provision in our restricted stock compensation programs for the indirect repurchase of shares through a net-settlement feature upon the vesting of shares in order to satisfy minimum statutory tax-withholding requirements.

(2) Exclusive of fees and costs.

ITEM 6 — EXHIBITS

3(a)	Restated Certificate of Incorporation of Registrant filed with the Department of State of New York on February 21, 2013. Incorporated by reference to Exhibit 3(a) to Registrant's Annual Report on Form 10-K dated for the fiscal year ended December 31, 2012.
3(b)	By-Laws of Registrant, as amended through May 21, 2009. Incorporated by reference to Exhibit 3(b) to Registrant's Current Report on Form 8-K dated May 21, 2009.
4(c)	Form of Amended and Restated Credit Agreement dated as of March 18, 2014 between Registrant and the Initial Lenders named therein; Citibank, N.A., as Administrative Agent, and Citigroup Global Markets Inc., JPMorgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and BNP Paribas Securities Corp., as Joint Lead Arrangers and joint Bookrunners.
12	Computation of Ratio of Earnings to Fixed Charges.
31(a)	Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)	Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.INS	XBRL Instance Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.SCH	XBRL Taxonomy Extension Schema Linkbase.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

XEROX CORPORATION
(Registrant)

By: /S/ JOSEPH H. MANCINI, JR.

Joseph H. Mancini, Jr.
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: May 1, 2014

EXHIBIT INDEX

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EXHIBIT 4(c)

EXECUTION COPY

U.S. $2,000,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of March 18, 2014

Among

XEROX CORPORATION
as Initial Borrower

and

THE INITIAL LENDERS NAMED HEREIN
as Initial Lenders

and

CITIBANK, N.A.
as Administrative Agent

and

JPMORGAN CHASE BANK, N.A.
as Syndication Agent

and

BANK OF AMERICA, N.A.
and
BNP PARIBAS
as Documentation Agents

and

CITIGROUP GLOBAL MARKETS INC.
J.P. MORGAN SECURITIES LLC
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
and
BNP PARIBAS SECURITIES CORP.
as Joint Lead Arrangers and Joint Bookrunners

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Exhibit E - Form of Commitment Increase Opinion
Exhibit F - Form of Designation Agreement

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of March 18, 2014

XEROX CORPORATION, a New York corporation (the "Company" or the "Initial Borrower"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") and issuers of letters of credit ("Initial Issuing Banks") listed on Schedule I hereto, CITIBANK, N.A. ("Citibank"), as administrative agent (the "Agent") for the Lenders (as hereinafter defined), JPMORGAN CHASE BANK, N.A., as syndication agent, BANK OF AMERICA, N.A. and BNP PARIBAS, as documentation agents, and CITIGROUP GLOBAL MARKETS INC., J.P. MORGAN SECURITIES LLC, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED and BNP PARIBAS SECURITIES CORP., as Joint Lead Arrangers and Joint Bookrunners, agree as follows:

PRELIMINARY STATEMENT.The Company, the lenders parties thereto and Citibank, as agent, are parties to the Credit Agreement dated as of December 16, 2011, as amended (the "Existing Credit Agreement"). Subject to the satisfaction of the conditions set forth in Section 3.01, the Company, the parties hereto and Citibank, as Agent, desire to amend and restate the Existing Credit Agreement as herein set forth.

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Agent.

"Advance" means an advance by a Lender to any Borrower as part of a Borrowing and refers to a Base Rate Advance or a Eurocurrency Rate Advance (each of which shall be a "Type" of Advance).

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person or is a director of such Person.

"Agent Parties" has the meaning specified in Section 9.02(d)(ii).

"Agent's Account" means (a) in the case of Advances denominated in Dollars, the account of the Agent maintained by the Agent at Citibank at its office at 1615 Brett Road, Building #3, New Castle, Delaware 19720, Account No. 36852248, Attention: Bank Loan Syndications, (b) in the case of Advances denominated in any Committed Currency, the account of the Sub-Agent designated in writing from time to time by the Agent to the Company and the Lenders for such purpose and (c) in any such case, such other account of the Agent as is designated in writing from time to time by the Agent to the Company and the Lenders for such purpose.

"Amendment and Restatement" has the meaning specified in Section 3.01.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Company or its Subsidiaries from time to time concerning or relating to bribery or corruption.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurocurrency Lending Office in the case of a Eurocurrency Rate Advance.

"Applicable Margin" means, as of any date from and after the Restatement Date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's/Fitch	Applicable Margin for Eurocurrency Rate Advances	Applicable Margin for Base Rate Advances
Level 1 A-/A3/A- or better	0.900%	0.000%
Level 2 BBB+/Baa1/BBB+	1.000%	0.000%
Level 3 BBB/Baa2/BBB	1.100%	0.100%
Level 4 BBB-/Baa3/BBB-	1.300%	0.300%
Level 5 BB+/Ba1/BB+ or below	1.450%	0.450%

"Applicable Percentage" means, as of any date from and after the Restatement Date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's/Fitch	Applicable Percentage
Level 1 A-/A3/A- or better	0.100%
Level 2 BBB+/Baa1/BBB+	0.125%
Level 3 BBB/Baa2/BBB	0.150%
Level 4 BBB-/Baa3/BBB-	0.200%
Level 5 BB+/Ba1/BB+ or below	0.300%

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

"Assuming Lender" has the meaning specified in Section 2.18(d).

"Assumption Agreement" has the meaning specified in Section 2.18(d)(ii).

"Available Amount" of any Letter of Credit issued by an Issuing Bank means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing).

"Bankruptcy Law" means any proceeding of the type referred to in Section 6.01(e) or Title 11, U.S. Code, or any similar foreign, federal or state law for the relief of debtors.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the highest of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate (the "Prime Rate");

(b) ½ of 1% above the Federal Funds Rate; and

(c) the Eurocurrency Rate for Dollars for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the Eurocurrency Rate for any day shall be based on the rate appearing on the Reuters Screen LIBOR01 Page (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day.

Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Rate or the Eurocurrency Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Rate or the Eurocurrency Rate, respectively.

"Base Rate Advance" means an Advance denominated in Dollars that bears interest as provided in Section 2.07(a)(i).

"Borrowers" means, collectively, the Initial Borrower and the Designated Subsidiaries from time to time.

"Borrowing" means a borrowing consisting of simultaneous Advances of the same Type made by each of the Lenders.

"Borrowing Minimum" means, in respect of Advances denominated in Dollars, $10,000,000, in respect of Advances denominated in Sterling, £5,000,000, in respect of Advances denominated in Swiss Francs, SFr5,000,000, in respect of Advances denominated in Yen, ¥1,000,000,000, in respect of Advances denominated in Canadian Dollars, Cdn$5,000,000 and, in respect of Advances denominated in Euros, €5,000,000.

"Borrowing Multiple" means, in respect of Advances denominated in Dollars, $1,000,000, in respect of Advances denominated in Sterling, £1,000,000, in respect of Advances denominated in Swiss Francs, SFr1,000,000, in respect of Advances denominated in Yen, ¥100,000,000, in respect of Advances denominated in Canadian Dollars, Cdn$1,000,000 and, in respect of Advances denominated in Euros, €1,000,000.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurocurrency Rate Advances, on which dealings are carried on in the London interbank market and banks are open for business in London and in the country of issue of the currency of such Eurocurrency Rate Advance (or, in the case of an Advance denominated in Euro, on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open).

"Cash Collateralize" means, in respect of an obligation, to provide and pledge (as a first priority perfected security interest) cash collateral in Dollars, at a location and pursuant to documentation in form and substance satisfactory to the Agent and each Issuing Bank (and "Cash Collateralization" has a corresponding meaning).

"CDOR Rate" shall mean the rate per annum, equal to the average of the annual yield rates applicable to Canadian banker's acceptances at or about 10:00 a.m. (Toronto, Canada time) on the first day of such Interest Period on the Reuters Screen CDOR Page (or any successor page or other relevant Reuters Screen page) for a term equivalent to such Interest Period (or if such Interest Period is not equal to a number of months, for a term equivalent to the number of months closest to such Interest Period).

"Citibank" means Citibank, N.A.

"Commitment" means a Revolving Credit Commitment or a Letter of Credit Commitment.

"Commitment Date" has the meaning specified in Section 2.18(b).

"Commitment Increase" has the meaning specified in Section 2.18(a).

"Committed Currencies" means lawful currency of the United Kingdom of Great Britain and Northern Ireland, lawful currency of the Swiss Confederation, lawful currency of Japan, lawful currency of Canada and Euros.

"Communications" has the meaning specified in Section 9.02(d)(ii).

"Company Information" has the meaning specified in Section 9.08.

"Consenting Lender" has the meaning specified in Section 2.19(b).

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Consolidated EBITDA" means, for any period, net income (or net loss) (before discontinued operations) plus the sum of (a) Consolidated Interest Expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense, and (e) any losses or expenses from any unusual, extraordinary or otherwise non-recurring items, including but not limited to (i) aggregate foreign exchange losses included in "other expense" and (ii) losses from minority interest, and minus (x) Consolidated Interest Income and (y) the sum of the amounts for such period of any income tax benefits and any income or gains from any unusual, extraordinary or otherwise non-recurring items, including but not limited to (i) aggregate foreign exchange gains included in "other income" and (ii) income from minority interest; in each case determined on a Consolidated basis for the Company and its Subsidiaries and in the case of items (a) through (e) and items (x) and (y), to the extent such amounts were included in the calculation of net income. For the purposes of calculating Consolidated EBITDA for any period, if during such period the Company or any Subsidiary shall have made an acquisition or a disposition, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such acquisition or disposition, as the case may be, occurred on the first day of such period.

"Consolidated Interest Expense" means, for any period, for the Company and its Subsidiaries on a Consolidated basis, interest expense (including equipment financing interest) for such period, determined in accordance with GAAP.

"Consolidated Interest Income" means, for any period, for the Company and its Subsidiaries on a Consolidated basis, interest, fees and other income, arising from investments in cash and cash equivalents, included in Consolidated net income for such period, determined in accordance with GAAP.

"Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Convert", "Conversion" and "Converted" each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.08 or 2.09.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement (other than under any such agreement which constitutes or creates an account payable in the ordinary course of business) with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, letters of credit or similar bank guarantees (other than bankers' acceptances, letters of credit or similar bank guarantees issued in support of trade), (g) all Debt of others referred to in clauses (a) through (f) above or clause (h) below (collectively, "Guaranteed Debt") guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Guaranteed Debt or to advance or supply funds for the payment or purchase of such Guaranteed Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, with the primary intent and purpose of such Person being to enable the debtor to make payment of such Guaranteed Debt or to assure the holder of such Guaranteed Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered), with the primary intent and purpose of such Person being to enable the debtor to make payment of such Guaranteed Debt or to assure the holder of such Guaranteed Debt against loss, or (4) where the primary intent and purpose of such Person is to otherwise assure a creditor against loss (but, in each case, only to the extent so assured or guaranteed), and (h) all Debt referred to in clauses (a) through (g) above (including Guaranteed Debt) secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt.

"Debt for Borrowed Money" means all items that, in accordance with GAAP, would be classified as debt on the Company's Consolidated balance sheet, provided, that notwithstanding the treatment thereof under GAAP, "Debt for Borrowed Money" shall exclude (without duplication) (a) any Preferred Stock outstanding on the Effective Date and (b) any amount shown on such balance sheet in respect of any securities issued on or prior to Effective Date that are Qualified Equity Securities on such date of determination.

"Default" means any Event of Default or any event that, unless cured or waived, would constitute an Event of Default but for the requirement hereunder that notice be given or time elapse or both.

"Default Interest" has the meaning specified in Section 2.07(b).

"Defaulting Lender" means at any time, subject to Section 2.20(d), (i) any Lender that has failed for two or more Business Days to comply with its obligations under this Agreement to make an Advance, make a payment to an Issuing Bank in respect of drawing under a Letter of Credit or make any other payment due hereunder (each, a " funding obligation"), unless such Lender has notified the Agent and the Company in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding has not been satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing), (ii) any Lender that has notified the Agent, the Company or an Issuing Bank in writing, or has stated publicly, that it does not intend to comply with its funding obligations hereunder, unless such writing or statement states that such position is based on such Lender's determination that one or more conditions precedent to funding cannot be satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing or public statement), (iii) any Lender that has defaulted on its funding obligations under other loan agreements or credit agreements generally under which it has commitments to extend credit or that has notified, or whose Parent Company has notified, the Agent or the Company in writing, or has stated publicly, that it does not intend to comply with its funding obligations under loan agreements or credit agreements generally, (iv) any Lender that has, for three or more Business Days after written request of the Agent or the Company, failed to confirm in writing to the Agent and the Company that it will comply with its prospective funding obligations hereunder (provided that such Lender will cease to be a Defaulting Lender pursuant to this clause (iv) upon the Agent's and the Company's receipt of such written confirmation), or (v) any Lender with respect to which a Lender Insolvency Event has occurred and is continuing with respect to such Lender or its Parent Company; provided that a Lender Insolvency Event shall not be deemed to occur with respect to a Lender or its Parent Company solely as a result of the acquisition or maintenance of an ownership interest in such Lender or Parent Company by a governmental authority or instrumentality thereof where such action does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such governmental authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Agent that a Lender is a Defaulting Lender under any of clauses (i) through (v) above will be conclusive and binding absent manifest error, and such Lender will be deemed to be a Defaulting Lender (subject to Section 2.20(d)) upon notification of such determination by the Agent to the Company, the Issuing Banks and the Lenders.

"Designated Subsidiary" means any direct or indirect Wholly-Owned Subsidiary of the Company designated for borrowing privileges under this Agreement pursuant to Section 9.09.

"Designation Agreement" means, with respect to any Designated Subsidiary, an agreement substantially in the form of Exhibit E hereto signed by such Designated Subsidiary and the Company.

"Disclosed Matter" shall mean the existence or occurrence of any matter which has been disclosed either in writing by the Company to the Agent and the Lenders or in any filing made with the SEC, in each case prior to the Restatement Date.

"Disqualified Equity Securities" means that portion of any Equity Interest (other than such Equity Interest that is solely redeemable, or at the election of the Company (not subject to any condition), may be redeemed, with Qualified Equity Securities) which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof on or prior to the latest Termination Date of any Lender.

"Dollars" and the "$" sign each means lawful currency of the United States of America.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" in its Administrative Questionnaire, or such other office of such Lender as such Lender may from time to time specify to the Company and the Agent.

"Domestic Subsidiary" means a Subsidiary of the Company organized under the laws of a jurisdiction inside the United States.

"Effective Date" means December 16, 2011.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 9.07(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 9.07(b)(iii)).

"EMU Legislation" means the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial interpretation relating to pollution or protection of the environment or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"Equity Interests" means (a) shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person or (b) any warrants, options or other rights to acquire such shares or interests.

"Equivalent" in Dollars of any Committed Currency, or in any Committed Currency of Dollars, on any date, means the applicable rate quoted as the Historical Currency Exchange Rate on the day immediately prior to such date of determination, as determined by OANDA Corporation and made available on its website at http://www.oanda/convert/fxhistory; provided that if such rate is not available for any reason, the Agent may use any reasonable method it deems appropriate to determine such exchange rate, and such determination shall be conclusive absent manifest error.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Company's controlled group, or under common control with the Company, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA Event" means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Company or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Company or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan; (g) a determination that any Plan is in "at risk" status (within the meaning of Section 303 of ERISA); or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

"Euro" means the lawful currency of the European Union as constituted by the Treaty of Rome which established the European Community, as such treaty may be amended from time to time and as referred to in the EMU Legislation.

"Eurocurrency Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurocurrency Lending Office" in its Administrative Questionnaire, or such other office of such Lender as such Lender may from time to time specify to the Company and the Agent.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurocurrency Rate" means, for any Interest Period for each Eurocurrency Rate Advance comprising part of the same Borrowing (a) denominated in Dollars or any Committed Currency other than Canadian Dollars, an interest rate per annum equal to the rate per annum obtained by dividing (i) the rate per annum (rounded upward to the nearest whole multiple of 1/100 of 1% per annum) appearing on Reuters Screen LIBOR01 Page (or any successor page or other relevant Reuters Screen page) as the London interbank offered rate for deposits in Dollars or the applicable Committed Currency at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period by (ii) a percentage equal to 100% minus the Eurocurrency Rate Reserve Percentage for such Interest Period or (b) denominated in Canadian Dollars, an interest rate per annum equal to the rate per annum obtained by dividing (i) the CDOR Rate by (ii) a percentage equal to 100% minus the Eurocurrency Rate Reserve Percentage for such Interest Period.

"Eurocurrency Rate Advance" means an Advance denominated in Dollars or a Committed Currency that bears interest as provided in Section 2.07(a)(ii).

"Eurocurrency Rate Reserve Percentage" for any Interest Period for all Eurocurrency Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurocurrency Rate Advances is determined) having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Excluded Taxes" means, with respect to any Lender and the Agent, or any other recipient of a payment made by or on account of any obligation of any Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income or net profits (however denominated), or taxes imposed in lieu of such income or franchise taxes, by the United States, or by the jurisdiction under the laws of which such Lender, such Lender's Applicable Lending Office or the Agent (as the case may be) is organized or any political subdivision thereof, (b) any branch profits taxes imposed by the United States or any similar tax or capital tax imposed by any other jurisdiction described in clause (a), (c) in the case of a Lender organized under the laws of a jurisdiction outside the United States, any withholding tax imposed on any such payment by the United States to the extent that it is determined on the basis of laws in effect and tax rates applicable to such Lender at the time such Lender becomes a party to this Agreement (or designates a new Applicable Lending Office) or is attributable to such Lender's failure to comply with Section 2.14(e), except to the extent that such Lender, or its assignor, if any, was entitled, at the time of designation of a new Applicable Lending Office or assignment, as applicable, to receive additional amounts from any Borrower with respect to such withholding tax pursuant to Section 2.14(a) (it being understood and agreed, for the avoidance of doubt, that any withholding tax imposed on such a Lender as a result of a change in law or regulation or interpretation thereof occurring after the time such Lender became a party to this Agreement shall not be an Excluded Tax) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Credit Agreement" has the meaning specified in the Preliminary Statement.

"Extension Date" has the meaning specified in Section 2.19(b).

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Finance SPE" means (a) any Receivables SPE and (b) any Subsidiary that (i) is a special purpose financing vehicle, (ii) was created solely for the purpose of facilitating the incurrences of Debt or issuances of Equity Interests by the Company or any Subsidiary, (iii) has no business other than the facilitation of such incurrence or issuance and activities incidental thereto and (iv) is capitalized with an amount not materially more than the cash proceeds received by such Finance SPE from such transaction, provided that such transaction does not constitute or create Debt secured by a Lien that is prohibited by Section 5.02(a).

"Financial Officer" means the chief financial officer or treasurer of the Company.

"Fiscal Quarter" means a fiscal quarter of the Company.

"Fitch" means Fitch, Inc.

"Foreign Jurisdiction" has the meaning specified in Section 2.14(g).

"Foreign Subsidiary" means a Subsidiary organized under the laws of a jurisdiction outside the United States.

"Fronting Exposure" means, at any time there is a Defaulting Lender and with respect to any Issuing Bank, such Defaulting Lender's Ratable Share of the L/C Obligations with respect to Letters of Credit issued by such Issuing Bank, other than L/C Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

"Fuji Xerox" means Fuji Xerox Co., Limited.

"Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"GAAP" has the meaning specified in Section 1.03.

"Guaranteed Obligations" has the meaning specified in Section 7.01.

"Guarantor" means any Domestic Subsidiary that has or is required to execute and deliver the guaranty described in Section 5.01(j) hereof.

"Guaranty" means the guaranty by the Company pursuant to Article VII hereof.

"Hazardous Materials" means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any applicable Environmental Law.

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

"Increase Date" has the meaning specified in Section 2.18(a).

"Increasing Lender" has the meaning specified in Section 2.18(b).

"Indemnified Taxes" shall mean Taxes other than Excluded Taxes.

"Information Memorandum" means the information memorandum dated February 2014 used by the Agent in connection with the syndication of the Commitments.

"Initial GAAP" has the meaning specified in Section 1.03.

"Indemnified Costs" has the meaning specified in Section 8.05.

"Indemnified Party" has the meaning specified in Section 9.04(b).

"Interest Period" means, for each Eurocurrency Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurocurrency Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurocurrency Rate Advance and ending on the last day of the period selected by the Borrower requesting such Borrowing pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by such Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, or, subject to clause (c) below, nine or twelve months, as the applicable Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) the Borrowers may not select any Interest Period that ends after the Termination Date unless, after giving effect to any reduction of the Revolving Credit Commitments on such Termination Date, the aggregate principal amount of Base Rate Advances and of Eurocurrency Rate Advances having Interest Periods that end on or prior to such Termination Date shall be at least equal to the aggregate principal amount of Advances due and payable on or prior to such date;

(b) Interest Periods commencing on the same date for Eurocurrency Rate Advances comprising part of the same Borrowing shall be of the same duration;

(c) the Borrowers shall not be entitled to select an Interest Period having a duration of nine or twelve months unless, by 2:00 P.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, each Lender notifies the Agent that such Lender will be providing funding for such Borrowing with such Interest Period (the failure of any Lender to so respond by such time being deemed for all purposes of this Agreement as an objection by such Lender to the requested duration of such Interest Period); provided that, if any or all of the Lenders object to the requested duration of such Interest Period, the duration of the Interest Period for such Borrowing shall be one, two, three or six months, as specified by the Borrower requesting such Borrowing in the applicable Notice of Borrowing as the desired alternative to an Interest Period of nine or twelve months;

(d) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(e) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"IP Company" has the meaning specified in Section 5.02(f).

"issuance" or "issue" with respect to any Letter of Credit means and includes the issuance, amendment, renewal or extension of such Letter of Credit.

"Issuing Bank" means an Initial Issuing Bank or any Eligible Assignee to which a portion of the Letter of Credit Commitment hereunder has been assigned pursuant to Section 9.07 or any other Lender that agrees with the Company that it shall be an Issuing Bank so long as such Eligible Assignee or Lender expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an Issuing Bank and notifies the Agent of its Letter of Credit Commitment, for so long as such Initial Issuing Bank, Eligible Assignee or Lender, as the case may be, shall have a Letter of Credit Commitment.

"L/C Cash Deposit Account" means an interest bearing cash deposit account to be established and maintained by the Agent, over which the Agent shall have sole dominion and control, upon terms as may be satisfactory to the Agent.

"L/C Obligations" means, as of any date, the aggregate Available Amount of outstanding Letters of Credit and Advances made by an Issuing Bank in accordance with Section 2.03(c) that have not been funded by the Lenders and, in the case of any Letters of Credit denominated in any Committed Currency, shall be the Equivalent in Dollars of such amount, determined as of the third Business Day prior to such date.

"L/C Related Documents" has the meaning specified in Section 2.06(b)(i).

"Lender Insolvency Event" means that (a) a Lender or its Parent Company is adjudicated as, or determined by any governmental authority having regulatory authority over such Person or its assets to be, insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (b) such Lender or its Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for such Lender or its Parent Company, or such Lender or its Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment.

"Lenders" means each Initial Lender, each Issuing Bank, each Assuming Lender that shall become a party hereto pursuant to Section 2.18 and each Person that shall become a party hereto pursuant to Section 9.07.

"Letter of Credit" has the meaning specified in Section 2.01(b).

"Letter of Credit Agreement" has the meaning specified in Section 2.03(a).

"Letter of Credit Commitment" means, with respect to each Issuing Bank, the obligation of such Issuing Bank to issue Letters of Credit for the account of the Borrowers and their specified Subsidiaries in (a) in the case of an Initial Issuing Bank, the Dollar amount set forth opposite the Issuing Bank's name on Schedule I hereto under the caption "Letter of Credit Commitment" or (b) if such Initial Issuing Bank has entered into one or more Assignment and Assumptions and for each other Issuing Bank, the Dollar amount set forth for such Issuing Bank in the Register maintained by the Agent pursuant to Section 9.07(c) as such Issuing Bank's "Letter of Credit Commitment", in each case as such amount may be reduced prior to such time pursuant to Section 2.05.

"Letter of Credit Facility" means, at any time, an amount equal to the least of (a) the aggregate amount of the Issuing Banks' Letter of Credit Commitments at such time, (b) $300,000,000 and (c) the aggregate amount of the Revolving Credit Commitments, as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property, it being understood that a license or assignment of intellectual property not securing Debt, a lease or sublease of assets to another Person or the filing of a precautionary financing statement (or similar filing) in connection with an operating lease or consignment does not constitute a "Lien".

"Material Adverse Change" means any material adverse change in the business, assets, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole, (b) the rights and remedies of the Agent or any Lender under this Agreement or any Note or (c) the ability of any Borrower to perform its monetary obligations under this Agreement or any Note.

"Material Subsidiary" means any Wholly-Owned Subsidiary of the Company that as of the end of the most recently completed Fiscal Quarter had Consolidated net worth of $100,000,000 or more, provided, however, that any change in a Person's status as a Material Subsidiary shall become effective as of the date of delivery of the financial statements for such Fiscal Quarter (or, in the case of the last Fiscal Quarter of a Fiscal Year, such Fiscal Year) pursuant to Section 5.01(i).

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Company or any ERISA Affiliate and at least one Person other than the Company and the ERISA Affiliates or (b) was so maintained and in respect of which the Company or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Non-Approving Lender" has the meaning specified in Section 2.21(b).

"Non-Consenting Lender" has the meaning specified in Section 2.19(b).

"Non-Defaulting Lender" means, at any time, a Lender that is not a Defaulting Lender or a Potential Defaulting Lender.

"Note" means a promissory note of any Borrower payable to the order of any Lender, delivered pursuant to a request made under Section 2.16 in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of such Borrower to such Lender resulting from the Advances made by such Lender to such Borrower.

"Notice of Borrowing" has the meaning specified in Section 2.02(a).

"Notice of Issuance" has the meaning specified in Section 2.03(a).

"Other Taxes" has the meaning specified in Section 2.14(b).

"PARC" means Palo Alto Research Center, Incorporated, a Delaware corporation.

"Parent Company" means, with respect to a Lender, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Lender, or if such Lender does not have a bank holding company, then any corporation, association, partnership or other business entity owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

"Participant" has the meaning specified in Section 9.07(d).

"Participant Register" has the meaning specified in Section 9.07(d).

"Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001.

"Payment Office" means, for any Committed Currency, such office of Citibank as shall be from time to time selected by the Agent and notified by the Agent to the Company and the Lenders.

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Permitted Liens" means: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as warehouseman's, landlord's, materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business; (c) pledges or deposits and other Liens arising or otherwise to secure obligations under workers' compensation, unemployment insurance and other social security laws or regulations or similar legislation or to secure public or statutory obligations or to secure payments of workers' compensation or unemployment insurance; (d) easements, rights of way and other encumbrances on title to real property that do not secure Debt; (e) deposits or other Liens to secure the performance of bids, contracts (other than for Debt), leases, statutory obligations, performance bonds and other obligations of a like nature incurred in the ordinary course of business, or to secure surety and appeal bonds and other obligations of a like nature; (f) liens arising from judgments or awards not otherwise constituting an Event of Default; (g) security given in the ordinary course of business consistent with past practice to any public utility or governmental authority or in favor of a prime contractor under a government contract in connection with the operation of the business, other than security for borrowed money; and (h) deposits securing letters of credit or similar instruments issued in support of any obligation referred to in clauses (a) through (g) above.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Platform" has the meaning specified in Section 9.02(d)(i).

"Post-Petition Interest" has the meaning specified in Section 7.05.

"Potential Defaulting Lender" means, at any time, a Lender (i) as to which an event of the kind referred to in the definition of "Lender Insolvency Event" has occurred and is continuing in respect of any Subsidiary of such Lender, (ii) as to which the Agent or any Issuing Bank has in good faith determined and notified the Company and (in the case of an Issuing Bank) the Agent, that such Lender or its Parent Company or a Subsidiary thereof has notified the Agent, or has stated publicly, that it will not comply with its funding obligations under any other loan agreement or credit agreement or other similar/other financing agreement or (iii) that has, or whose Parent Company has, a non-investment grade rating from Moody's or S&P or another nationally recognized rating agency. Any determination that is made that a Lender is a Potential Defaulting Lender under any of clauses (i) through (iii) above will be made by the Agent or, in the case of clause (ii), an Issuing Bank, in its sole discretion acting in good faith. The Agent will promptly send to all parties hereto a copy of any notice to the Company provided for in this definition.

"Preferred Stock" of any Person shall mean capital stock or other ownership interests of or in such Person of any class or classes (however designated) that ranks prior, as to the payment of dividends and/or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of capital stock or other ownership interests of or in any other class of such person.

"Primary Currency" has the meaning specified in Section 9.12(c).

"Protesting Lender" has the meaning specified in Section 9.09(a).

"Public Debt Rating" means, as of any date, the rating that has been most recently announced by either S&P, Moody's or Fitch, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by the Company or, if any such rating agency shall have issued more than one such rating, the lowest such rating issued by such rating agency. For purposes of the foregoing, (a) if only one of S&P, Moody's and Fitch shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage shall be determined by reference to the available rating; (b) if none of S&P, Moody's or Fitch shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage will be set in accordance with Level 6 under the definition of "Applicable Margin" or "Applicable Percentage", as the case may be; (c) if only two of S&P, Moody's and Fitch shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage shall be determined by reference to the higher rating unless there is a split in such ratings of more than one level, in which case the level that is one level higher than the lower such ratings shall apply, (d) if all three have established ratings and the ratings established by S&P, Moody's and Fitch shall fall within two different levels, the Applicable Margin and the Applicable Percentage shall be based upon the rating assigned by two of such agencies, or if the ratings established by S&P, Moody's and Fitch shall fall within three different levels, the Applicable Margin and the Applicable Percentage shall be based upon the middle rating; (e) if any rating established by S&P, Moody's or Fitch shall be changed (other than as a result of a change in the basis of such rating or the rating system of such agency), such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change and ending on the date immediately preceding the effective date of the next such change; and (f) if S&P, Moody's or Fitch shall change the basis or system on which ratings are established, each reference to the Public Debt Rating announced by S&P, Moody's or Fitch, as the case may be, shall refer to the then equivalent rating by S&P, Moody's or Fitch, as the case may be or, if there is no equivalent or such change would otherwise result in a change in the Applicable Margin or Applicable Percentage, the Company and the Lenders shall negotiate in good faith to amend this definition or the definitions of "Applicable Margin" or "Applicable Percentage" to reflect such changed rating system or ratings basis and, pending the effectiveness of any such amendment, the Applicable Margin and the Applicable Percentage shall be determined by reference to the ratings of the other rating agencies (or, if the circumstances referred to in this clause (f) shall affect all such agencies, the ratings most recently in effect prior to such changes).

"Qualified Equity Securities" means any Equity Interest that is not Disqualified Equity Securities.

"Qualified Receivables Transaction" means any transaction or arrangement or series of transactions or arrangements entered into by the Company or any of its Subsidiaries in order to monetize or otherwise finance, or as a result of which it may receive earlier than otherwise due amounts that will become receivable or be earned in the future in respect of, a discrete pool (which may be fixed or revolving) of Receivables, leases or other financial assets including financing contracts and any transaction or arrangement that is not a sale or transfer but pursuant to and by virtue of which a Person succeeds to, and becomes entitled to, the rights under or in respect of such Receivables, leases or other financial assets (in each case whether now existing or arising in the future), and which may include a Lien on (a) Receivables, (b) deposit or other accounts (and the funds or investments from time to time credited thereto) established in connection with a Qualified Receivables Transaction to secure obligations of the Company or any Subsidiary arising in connection with or otherwise related to such transaction, (c) any promissory note issued by the Company or any Subsidiary evidencing the repayment of amounts directly or indirectly distributed to the Company or any Subsidiary from any such accounts and (d) any assets of or Equity Interests in each and any Receivables SPE used to facilitate such transaction, provided that such transaction or arrangement does not constitute or create Debt secured by a Lien that is prohibited by Section 5.02(a).

"Ratable Share" of any amount means, with respect to any Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's Revolving Credit Commitment at such time (or, if the Revolving Credit Commitments shall have been terminated pursuant to Section 2.05 or 6.01, such Lender's Revolving Credit Commitment as in effect immediately prior to such termination) and the denominator of which is the aggregate amount of all Revolving Credit Commitments at such time (or, if the Revolving Credit Commitments shall have been terminated pursuant to Section 2.05 or 6.01, the aggregate amount of all Revolving Credit Commitments as in effect immediately prior to such termination).

"Receivables" means "accounts" (as such term is defined in the Uniform Commercial Code as in effect from time to time in the State of New York (or, if by reason of mandatory provisions of law, the Uniform Commercial Code as in effect in a jurisdiction other than New York) or the Personal Property Security Act in effect in each of the provinces or territories in Canada (other than Quebec) to the extent applicable), including the proceeds of inventory to the extent it also constitutes an account), "claims" as such term is defined in the Civil Code of Quebec to the extent applicable, book debts and any other existing or hereafter arising accounts receivable, lease receivables, finance receivables, service receivables and supply receivables and any property or assets (including equipment, inventory, software, leases and servicing contracts) related thereto.

"Receivables SPE" means a Subsidiary that is a special purpose entity that (a) borrows against Receivables or purchases, leases or otherwise acquires Receivables or sells, disposes, assigns, leases, conveys or otherwise transfers Receivables to one or more third party purchasers or another Receivables SPE in connection with a Qualified Receivables Transaction or (b) engages in other activities that are necessary or desirable to effectuate the activities described in the definitions of Qualified Receivables Transaction or Third-Party Vendor Financing Program, or (c) is established or then used solely for the purpose of, and has no business other than, owning a Receivables SPE, servicing Receivables owned by a Receivables SPE, owning or holding title to the property or assets giving rise to such Receivables or any activities incidental thereto (including those described in the definitions of Qualified Receivables Transaction or Third-Party Vendor Financing Program).

"Register" has the meaning specified in Section 9.07(c).

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Removal Effective Date" has the meaning specified in Section 8.07.

"Required Lenders" means at any time Lenders owed at least a majority in interest of the then aggregate unpaid principal amount (based on the Equivalent in Dollars at such time) of the Advances owing to Lenders, or, if no such principal amount is then outstanding, Lenders having at least a majority in interest of the Revolving Credit Commitments; provided that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time the Revolving Credit Commitments of such Lender at such time.

"Resignation Effective Date" has the meaning specified in Section 8.07.

"Responsible Officers" means the chief executive officer, any Financial Officer, the controller and the general counsel of the Company.

"Restatement Date" has the meaning specified in Section 3.01.

"Revolving Credit Commitment" means as to any Lender (a) the Dollar amount set forth opposite such Lender's name on Schedule I hereto as such Lender's "Revolving Credit Commitment", (b) if such Lender has become a Lender hereunder pursuant to an Assumption Agreement, the Dollar amount set forth in such Assumption Agreement or (c) if such Lender has entered into an Assignment and Assumption, the Dollar amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.07(c), as such amount may be reduced pursuant to Section 2.05 or increased pursuant to Section 2.18. As of the Restatement Date, the aggregate amount of the Revolving Credit Commitments is $2,000,000,000.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

"Sanctioned Country" means, at any time, a country or territory which is the subject or target of any Sanctions.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

"SEC" means Securities and Exchange Commission.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Company or any ERISA Affiliate and no Person other than the Company and the ERISA Affiliates or (b) was so maintained and in respect of which the Company or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Sub-Agent" means Citibank International plc.

"Subordinated Obligations" has the meaning specified in Section 7.05.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, or other business entity of which (or in which) (a) more than 50% of the issued and outstanding capital stock, securities or other ownership interests having ordinary voting power or (b) in the case of a partnership, more than 50% of the partnership interests, are, in each case, at the time directly or indirectly owned or Controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Taxes" means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto.

"Termination Date" means the earlier of (a) March 18, 2019 or, as to any Lender for which the Termination Date is extended pursuant to Section 2.19, the date to which the

Termination Date is so extended, (b) the date of termination in whole of the Commitments pursuant to Section 2.05(a) or 6.01 or (c) as to any Lender who becomes a Defaulting Lender, the date of termination of such Defaulting Lender's Commitments pursuant to Section 2.05(b); provided, however, that the Termination Date of any Lender that is a Non-Consenting Lender to any requested extension pursuant to Section 2.19 shall be the Termination Date in effect immediately prior to the applicable Extension Date for all purposes of this Agreement.

"Third-Party Vendor Financing Program" means each and any arrangement by the Company or any Subsidiary of third-party vendor financing directly or indirectly for customers of the Company and its Subsidiaries, including (a) the sale of a financing business, (b) sales, dispositions, assignments, leases, licenses, conveyances or other transfers of all or any portion of the business of, and assets relating to the business of, providing billing, collection and other services in respect of finance, lease and other Receivables, (c) Qualified Receivables Transactions and (d) other arrangements for the indirect financing of Receivables wherein a third-party financier makes loans to Subsidiaries that are Finance SPEs in respect of Receivables generated by the Company and its Subsidiaries, whether generated prior to or during such arrangements and whether the relevant transaction is treated as on or off the Company's consolidated balance sheet.

"Unissued Letter of Credit Commitment" means, with respect to any Issuing Bank, the obligation of such Issuing Bank to issue Letters of Credit for the account of any Borrower or its specified Subsidiaries in an amount equal to the excess of (a) the amount of its Letter of Credit Commitment over (b) the aggregate Available Amount of all Letters of Credit issued by such Issuing Bank.

"Unused Commitment" means, with respect to each Lender at any time, (a) such Lender's Revolving Credit Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Advances made by such Lender (in its capacity as a Lender) and outstanding at such time, plus (ii) such Lender's Ratable Share of (A) the aggregate Available Amount of all the Letters of Credit outstanding at such time and (B) the aggregate principal amount of all Advances made by each Issuing Bank pursuant to Section 2.03(c) that have not been ratably funded by such Lender and outstanding at such time.

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"Wholly-Owned Subsidiary" means, at any time, any Subsidiary of the Company in which more than 80% (90% in the case of PARC) of the Equity is at such time directly or indirectly owned by the Company, provided, however, that "Wholly-Owned Subsidiary" shall not include any Finance SPE.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles as in effect in the United States from time to time (" GAAP"), provided that (a) if there is any change in GAAP from such principles applied in the preparation of the audited financial statements referred to in Section 4.01(e) ("Initial GAAP"), that is material in respect of the calculation of compliance with the covenants set forth in Section 5.03, the Company shall give prompt notice of such change to the Agent and the Lenders, (b) if the Company notifies the Agent that the Company requests an amendment of any provision hereof to eliminate the effect of any change in GAAP (or the application thereof) from Initial GAAP (or if the Agent or the Required Lenders request an amendment of any provision hereof for such purpose), regardless of whether such notice is given before or after such change in GAAP (or the application thereof), then such provision shall be applied on the basis of generally accepted accounting principles as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision is amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 133 and 159 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any Subsidiary at "fair value", as defined therein.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND LETTERS OF CREDIT

SECTION 2.01. The Advances and Letters of Credit. (a) The Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Advances to any Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date of such Lender in an amount (based in respect of any Advances to be denominated in a Committed Currency by reference to the Equivalent thereof in Dollars determined on the date of delivery of the applicable Notice of Borrowing) not to exceed such Lender's Unused Commitment. Each Borrowing shall be in an amount not less than the Borrowing Minimum or the Borrowing Multiple in excess thereof and shall consist of Advances of the same Type and in the same currency made on the same day by the Lenders ratably according to their respective Revolving Credit Commitments. Within the limits of each Lender's Revolving Credit Commitment, any Borrower may borrow under this Section 2.01(a), prepay pursuant to Section 2.10 and reborrow under this Section 2.01(a).

(b) Letters of Credit. Each Issuing Bank agrees, on the terms and conditions hereinafter set forth, in reliance upon the agreements of the other Lenders set forth in this Agreement, to issue letters of credit (each, a " Letter of Credit") denominated in Dollars or a Committed Currency for the account of any Borrower and its specified Subsidiaries from time to time on any Business Day during the period from the Effective Date until 30 days before the Termination Date in an aggregate Available Amount (based in respect of any Letters of Credit to be denominated in a Committed Currency by reference to the Equivalent thereof in Dollars determined on the date of delivery of the applicable Notice of Issuance) (i) for all Letters of Credit issued hereunder not to exceed at any time the Letter of Credit Facility at such time and (ii) for all Letters of Credit issued by each Issuing Bank not to exceed at any time such Issuing Bank's Letter of Credit Commitment at such time and (iii) for each such Letter of Credit not to exceed an amount equal to the Unused Commitments of the Lenders at such time. No Letter of Credit shall have an expiration date (including all rights of the applicable Borrower or the beneficiary to require renewal) later than 10 Business Days before the Termination Date, provided that no Letter of Credit may expire after the Termination Date of any Non-Consenting Lender if, after giving effect to such issuance, the aggregate Revolving Credit Commitments of the Consenting Lenders (including any replacement Lenders) for the period following such Termination Date would be less than the Available Amount of the Letters of Credit expiring after such Termination Date. Within the limits referred to above, the Borrowers may from time to time request the issuance of Letters of Credit under this Section 2.01(b). Each letter of credit listed on Schedule 2.01(b) shall be deemed to constitute a Letter of Credit issued hereunder, and each Lender that is an issuer of such a Letter of Credit shall, for purposes of Section 2.03, be deemed to be an Issuing Bank for each such letter of credit, provided than any renewal or replacement of any such letter of credit shall be issued by an Issuing Bank pursuant to the terms of this Agreement.

SECTION 2.02. Making the Advances. (a) Except as otherwise provided in Section 2.03(c), each Borrowing shall be made on notice, given not later than (x) 12:00 noon (New York City time) on the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in Dollars, (y) 12:00 noon (New York City time) on the fourth Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in any Committed Currency, or (z) 12:00 noon (New York City time) on the date of the proposed Borrowing in the case of a Borrowing consisting of Base Rate Advances, by any Borrower to the Agent (and, in the case of a Borrowing consisting of Eurocurrency Rate Advances, simultaneously to the Sub-Agent), which shall give to each Lender prompt notice thereof by telecopier or email. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telephone, confirmed immediately in writing, or telecopier or email in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Borrowing, (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, and (iv) in the case of a Borrowing consisting of Eurocurrency Rate Advances, initial Interest Period and currency for each such Advance. Each Lender shall, before 1:00 P.M. (New York City time) on the date of such Borrowing, in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in Dollars, before 2:00 P.M. (New York City time) on the date of such Borrowing, in the case of a Borrowing consisting of Base Rate Advances, and before 9:00 A.M. (New York City time) on the date of such Borrowing, in the case of a Borrowing consisting of Eurocurrency Rate Advances denominated in any Committed Currency, make available for the account of its Applicable Lending Office to the Agent at the applicable Agent's Account, in same day funds, such Lender's ratable portion of such Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower requesting the Borrowing at the Agent's address referred to in Section 9.02 or at the applicable Payment Office, as the case may be.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrowers may not select Eurocurrency Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than the Borrowing Minimum or if the obligation of the Lenders to make Eurocurrency Rate Advances shall then be suspended pursuant to Section 2.08 or 2.12 and (ii) the Eurocurrency Rate Advances may not be outstanding as part of more than ten separate Borrowings.

(c) Each Notice of Borrowing shall be irrevocable and binding on the Borrower requesting the Borrowing. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurocurrency Rate Advances, such Borrower shall indemnify each Lender against any loss (excluding loss of anticipated profits), cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the time of any Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02, and the Agent may, in reliance upon such assumption, make available to the Borrower requesting the Borrowing on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and such Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Agent, at (i) in the case of such Borrower, the higher of (A) the interest rate applicable at the time to the Advances comprising such Borrowing and (B) the cost of funds incurred by the Agent in respect of such amount and (ii) in the case of such Lender, (A) the Federal Funds Rate in the case of Advances denominated in Dollars or (B) the cost of funds incurred by the Agent in respect of such amount in the case of Advances denominated in Committed Currencies. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 2.03. Issuance of and Drawings and Reimbursement Under Letters of Credit. (a) Request for Issuance. (i) Each Letter of Credit shall be issued upon notice, given not later than 11:00 A.M. (New York City time) on the fifth Business Day prior to the date of the proposed Issuance of such Letter of Credit (or on such shorter notice as the applicable Issuing Bank may agree), by any Borrower to any Issuing Bank, and such Issuing Bank shall give the Agent, prompt notice thereof. Each such notice by a Borrower of issuance of a Letter of Credit (a " Notice of Issuance") shall be by telecopier or email or by telephone, confirmed immediately in writing, specifying therein the requested (A) date of such issuance (which shall be a Business Day), (B) Available Amount of such Letter of Credit, (C) desired currency for such Letter of Credit, which shall be Dollars or a Committed Currency, (D) expiration date of such Letter of Credit, (E) name and address of the beneficiary of such Letter of Credit and (F) form of such Letter of Credit. Such Letter of Credit shall be issued pursuant to such application and agreement for letter of credit as such Issuing Bank and the applicable Borrower shall agree for use in connection with such requested Letter of Credit (a " Letter of Credit Agreement"). If the requested form of such Letter of Credit is acceptable to such Issuing Bank in its reasonable discretion (it being understood that any such form shall have only explicit documentary conditions to draw and shall not include discretionary conditions), and such Issuing Bank has not received written notice from any Lender, the Agent or the Company, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Section 3.03 shall not be satisfied, such Issuing Bank will, upon fulfillment of the applicable conditions set forth in Section 3.03, make such Letter of Credit available to the applicable Borrower at its office referred to in Section 9.02 or as otherwise agreed with such Borrower in connection with such Issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(b) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Ratable Share of the Available Amount of such Letter of Credit. Each Borrower hereby agrees to each such participation. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Agent, for the account of such Issuing Bank, such Lender's Ratable Share of each drawing made under a Letter of Credit funded by such Issuing Bank and not reimbursed by the applicable Borrower on the date made, or of any reimbursement payment required to be refunded to such Borrower for any reason, which amount will be advanced, and deemed to be an Advance to such Borrower hereunder, regardless of the satisfaction of the conditions set forth in Section 3.03. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender further acknowledges and agrees that its participation in each Letter of Credit will be automatically adjusted to reflect such Lender's Ratable Share of the Available Amount of such Letter of Credit at each time such Lender's Revolving Credit Commitment is amended pursuant to a Commitment Increase in accordance with Section 2.18, an assignment in accordance with Section 9.07 or otherwise pursuant to this Agreement.

(c) Drawing and Reimbursement. The payment by an Issuing Bank of a draft drawn under any Letter of Credit which is not reimbursed by the Borrower that requested such Letter of Credit on the date made shall constitute for all purposes of this Agreement the making by any such Issuing Bank of an Advance to such Borrower which, in the case of a Letter of Credit denominated in Dollars, shall be a Base Rate Advance in the amount of such draft, and, in the case of a Letter of Credit denominated in a Committed Currency, shall be a Base Rate Advance in an amount determined by reference to the Equivalent of such drawn amount in Dollars determined on the date of such drawing, without regard to whether the making of such an Advance would exceed such Issuing Bank's Unused Commitment. Each Issuing Bank shall give prompt notice of each drawing under any Letter of Credit issued by it to the applicable Borrower and the Agent. Upon written demand by such Issuing Bank, with a copy of such demand to the Agent and the applicable Borrower, each Lender shall pay to the Agent such Lender's Ratable Share of such outstanding Advance pursuant to Section 2.03(b). Each Lender acknowledges and agrees that its obligation to make Advances pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Promptly after receipt thereof, the Agent shall transfer such funds to such Issuing Bank. Each Lender agrees to fund its Ratable Share of an outstanding Advance on (i) the Business Day on which demand therefor is made by such Issuing Bank, provided that notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day, or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. If and to the extent that any Lender shall not have so made the amount of such Advance available to the Agent, such Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by any such Issuing Bank until the date such amount is paid to the Agent, at the Federal Funds Rate for its account or the account of such Issuing Bank, as applicable. If such Lender shall pay to the Agent such amount for the account of any such Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute an Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Advance made by such Issuing Bank shall be reduced by such amount on such Business Day.

(d) Letter of Credit Reports. Each Issuing Bank shall furnish (A) to the Agent and each Lender (with a copy to the Company) on the first Business Day of each month a written report summarizing issuance and expiration dates of Letters of Credit issued by such Issuing Bank during the preceding month and drawings during such month under all Letters of Credit and (B) to the Agent and each Lender (with a copy to the Company) on the first Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit issued by such Issuing Bank.

(e) Failure to Make Advances. The failure of any Lender to make the Advance to be made by it on the date specified in Section 2.03(c) shall not relieve any other Lender of its obligation hereunder to make its Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on such date.

SECTION 2.04. Fees. (a) Facility Fee. The Company agrees to pay to the Agent for the account of each Lender a facility fee on the aggregate amount of such Lender's Revolving Credit Commitment from the Restatement Date in the case of each Initial Lender and from the effective date specified in the Assumption Agreement or in the Assignment and Assumption pursuant to which it became a Lender in the case of each other Lender until the Termination Date for such Lender (or such later date on which the Advances made by such Lender shall have been paid in full and the participations in Letters of Credit of such Lender have terminated) at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing with the quarter ended March 31, 2014, and on the Termination Date applicable to such Lender, provided that no Defaulting Lender shall be entitled to receive any facility fee except in respect of its outstanding Advances for any period during which that Lender is a Defaulting Lender (and the Company shall not be required to pay such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(b) Letter of Credit Fees. (i) Each Borrower shall pay to the Agent for the account of each Lender a commission on such Lender's Ratable Share of the average daily aggregate Available Amount of all Letters of Credit issued for the account of such Borrower and outstanding from time to time at a rate per annum equal to the Applicable Margin for Eurocurrency Rate Advances in effect from time to time during such calendar quarter, payable in arrears quarterly on the last day of each March, June, September and December, commencing with the quarter ended March 31, 2014, and on the Termination Date applicable to such Lender; provided that the Applicable Margin shall be 2% above the Applicable Margin in effect upon the occurrence and during the continuation of an Event of Default if such Borrower is required to pay default interest on all outstanding Advances pursuant to Section 2.07(b); provided, further, that (i) to the extent that all or a portion of the Fronting Exposure in respect of any Defaulting Lender is reallocated to the Non-Defaulting Lenders pursuant to Section 2.20(a), such fees that would have accrued for the benefit of such Defaulting Lender will instead accrue for the benefit of and be payable to such Non-Defaulting Lenders, pro rata in accordance with their respective Revolving Credit Commitments, and (ii) to the extent that all or any portion of such Fronting Exposure cannot be so reallocated, such fees will instead accrue for the benefit of and be payable to the respective Issuing Banks ratably according to the outstanding Letters of Credit issued by each Issuing Bank.

(ii) Each Borrower shall pay to each Issuing Bank, for its own account, a fronting fee equal to 0.125% per annum (or such lesser amount as such Issuing Bank may approve in its sole discretion) on the Available Amount of all Letters of Credit issued for the account of such Borrower by such Issuing Bank, payable in arrears quarterly on the last day of each March, June, September and December, commencing with the quarter ended March 31, 2014, and on the Termination Date, and such other commissions, issuance fees, transfer fees and other fees and charges in connection with the Issuance or administration of each Letter of Credit as such Borrower and such Issuing Bank shall agree.

(c) Agent's Fees. The Company shall pay to the Agent for its own account such fees as may from time to time be agreed between the Company and the Agent.

SECTION 2.05. Termination or Reduction of the Commitments. (a) Optional Ratable Termination or Reduction. The Company shall have the right, upon at least two Business Days' notice to the Agent, to terminate in whole or permanently reduce ratably in part the Unused Commitments or the Unissued Letter of Credit Commitments of the Lenders, provided, however, that each partial reduction shall be in the aggregate amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof.

(b) Non-Ratable Reduction. The Company shall have the right, at any time, upon at least ten Business Days notice to a Defaulting Lender (with a copy to the Agent), to terminate in whole such Lender's Commitments. Such termination shall be effective, (x) with respect to such Lender's Unused Commitment, on the date set forth in such notice, provided, however, that such date shall be no earlier than ten Business Days after receipt of such notice and (y) with respect to each Advance outstanding to such Lender, in the case of Base Rate Advances, on the date set forth in such notice and, in the case of Eurocurrency Rate, on the last day of the then current Interest Period relating to such Advance. Upon termination of a Lender's Commitments under this Section 2.05(b), the Company will pay or cause to be paid all principal of, and interest accrued to the date of such payment on, Advances owing to such Lender and pay any accrued facility fees or Letter of Credit fees payable to such Lender pursuant to the provisions of Section 2.04, and all other amounts payable to such Lender hereunder (including, but not limited to, any increased costs or other amounts owing under Section 2.11 and any indemnification for Taxes under Section 2.14); and, if such Lender is an Issuing Bank, shall pay to the Agent for deposit in the L/C Cash Deposit Account an amount equal to the Available Amount of all Letters of Credit issued by such Issuing Bank, and upon such payments, the obligations of such Lender hereunder shall, by the provisions hereof, be released and discharged; provided, however, that such Lender's rights under Sections 2.11, 2.14 and 9.04, and, in the case of an Issuing Bank, Sections 2.04(b) and 6.02, and its obligations under Section 8.05 shall survive such release and discharge as to matters occurring prior to such date. Subject to Section 2.18, the aggregate amount of the Commitments of the Lenders once reduced pursuant to this Section 2.05(b) may not be reinstated; provided, further, however, that if pursuant to this Section 2.05(b), the Borrowers shall pay to a Defaulting Lender any principal of, or interest accrued on, the Advances owing to such Defaulting Lender, then the Borrowers shall either (x) confirm to the Agent that the conditions set forth in Section 3.03(a) are met on and as of such date of payment or (y) pay or cause to be paid a ratable payment of principal and interest to all Lenders who are not Defaulting Lenders.

SECTION 2.06. Repayment of Advances and Letter of Credit Drawings. (a) Advances. Each Borrower shall repay to the Agent for the ratable account of each Lender on the Termination Date applicable to such Lender the aggregate principal amount of the Advances made to it by such Lender and then outstanding.

(b) Letter of Credit Drawings. The obligations of each Borrower under any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit issued for the account of such Borrower shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances (it being understood that any such payment by such Borrower is without prejudice to, and does not constitute a waiver of, any rights such Borrower might have or might acquire as a result of the payment by any Lender of any draft or the reimbursement by such Borrower thereof):

(i) any lack of validity or enforceability of this Agreement, any Note, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the " L/C Related Documents");

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of such Borrower in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(iii) the existence of any claim, set-off, defense or other right that such Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for which any such beneficiary or any such transferee may be acting), any Issuing Bank, the Agent, any Lender or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the obligations of such Borrower in respect of the L/C Related Documents; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, such Borrower or a guarantor.

SECTION 2.07. Interest on Advances. (a) Scheduled Interest. Each Borrower shall pay interest on the unpaid principal amount of each Advance made to it and owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) Base Rate in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full plus (y) the Applicable Margin in effect from time to time.

(ii) Eurocurrency Rate Advances. During such periods as such Advance is a Eurocurrency Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (x) the Eurocurrency Rate for such Interest Period for such Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurocurrency Rate Advance shall be Converted or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a), the Agent shall, upon the request of the Required Lenders, require the Borrowers to pay interest ("Default Interest") on (i) the overdue principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above; provided, however, that following acceleration of the Advances pursuant to Section 6.01, Default Interest shall accrue and be payable hereunder whether or not previously required by the Agent.

SECTION 2.08. Interest Rate Determination. (a) The Agent shall give prompt notice to the Company and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.07(a)(i) or (ii).

(b) If, with respect to any Eurocurrency Rate Advances, the Required Lenders notify the Agent that (i) they are unable to obtain matching deposits in the London inter-bank market at or about 11:00 A.M. (London time) on the second Business Day before the making of a Borrowing in sufficient amounts to fund their respective Advances as a part of such Borrowing during its Interest Period or (ii) the Eurocurrency Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurocurrency Rate Advances for such Interest Period, the Agent shall forthwith so notify the Company and the Lenders, whereupon (A) the Borrower of such Eurocurrency Rate Advances will, on the last day of the then-existing Interest Period therefor, (1) if such Eurocurrency Rate Advances are denominated in Dollars, either (x) prepay such Advances or (y) Convert such Advances into Base Rate Advances and (2) if such Eurocurrency Rate Advances are denominated in any Committed Currency, either (x) prepay such Advances or (y) exchange such Advances into an Equivalent amount of Dollars and Convert such Advances into Base Rate Advances and (B) the obligation of the Lenders to make, or to Convert Advances into, Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist.

(c) If any Borrower shall fail to select the duration of any Interest Period for any Eurocurrency Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify such Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, (i) if such Eurocurrency Rate Advances are denominated in Dollars, Convert into Base Rate

Advances and (ii) if such Eurocurrency Rate Advances are denominated in a Committed Currency, be exchanged for an Equivalent amount of Dollars and Convert into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurocurrency Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than the Borrowing Minimum, such Advances shall automatically (i) if such Eurocurrency Rate Advances are denominated in Dollars, Convert into Base Rate Advances and (ii) if such Eurocurrency Rate Advances are denominated in a Committed Currency, be exchanged for an Equivalent amount of Dollars and Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default under Section 6.01(a), (i) each Eurocurrency Rate Advance will automatically, on the last day of the then existing Interest Period therefor, (A) if such Eurocurrency Rate Advances are denominated in Dollars, be Converted into Base Rate Advances and (B) if such Eurocurrency Rate Advances are denominated in any Committed Currency, be exchanged for an Equivalent amount of Dollars and be Converted into Base Rate Advances and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurocurrency Rate Advances shall be suspended.

(f) If Reuters Screen LIBOR01 Page or the Reuters Screen CDOR Page (or any successor page or other relevant Reuters Screen page), as applicable, is unavailable for any Eurocurrency Rate Advance,

(i) the Agent shall forthwith notify the applicable Borrower and the Lenders that the interest rate cannot be determined for such Eurocurrency Rate Advances,

(ii) each such Eurocurrency Rate Advance will automatically, on the last day of the then existing Interest Period therefor, (A) if such Eurocurrency Rate Advance is denominated in Dollars, Convert into a Base Rate Advance and (B) if such Eurocurrency Rate Advance is denominated in any Committed Currency, be prepaid by the applicable Borrower or be automatically exchanged for an Equivalent amount of Dollars and be Converted into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make Eurocurrency Rate Advances in the applicable currency or to Convert Advances into Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.09. Optional Conversion of Advances. The Borrower of any Advance may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion in the case of a Conversion to Eurocurrency Rate Advances and not later than 11:00 A.M. (New York City time) on the date of the proposed Conversion in the case of a Conversion to Base Rate Advances and subject to the provisions of Sections 2.08, 2.12 and 9.04(c), Convert all Advances denominated in Dollars of one Type comprising the same Borrowing into Advances denominated in Dollars of the other Type; provided, however, that any Conversion of Base Rate Advances into Eurocurrency

Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and no Conversion of any Advances shall result in more separate Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Dollar denominated Advances to be Converted, and (iii) if such Conversion is into Eurocurrency Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower giving such notice.

SECTION 2.10. Prepayments of Advances. (a) Optional. Each Borrower may, upon notice at least two Business Days' prior to the date of such prepayment, in the case of Eurocurrency Rate Advances, and not later than 11:00 A.M. (New York City time) on the date of such prepayment, in the case of Base Rate Advances, to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall, prepay the outstanding principal amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment of Advances shall be in an aggregate principal amount of not less than the Borrowing Minimum or a Borrowing Multiple in excess thereof, and (y) in the event of any such prepayment of a Eurocurrency Rate Advance, such Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 9.04(c).

(b) Mandatory. (i) If, on any date, the Agent notifies the Company that, on any interest payment date, the sum of (A) the aggregate principal amount of all Advances denominated in Dollars plus the aggregate Available Amount of all Letters of Credit denominated in Dollars then outstanding plus (B) the Equivalent in Dollars (determined on the third Business Day prior to such interest payment date) of the aggregate principal amount of all Advances and the Available Amount of all Letters of Credit denominated in Committed Currencies then outstanding exceeds 105% of the aggregate Revolving Credit Commitments of the Lenders on such date, the Borrowers shall, as soon as practicable and in any event within two Business Days after receipt of such notice, prepay the outstanding principal amount of any Advances owing by the Borrowers in an aggregate amount sufficient to reduce such sum to an amount not to exceed 100% of the aggregate Revolving Credit Commitments of the Lenders on such date together with any interest accrued to the date of such prepayment on the aggregate principal amount of Advances prepaid; provided that if the Company has Cash Collateralized Letters of Credit in accordance with Section 2.20(a), the Available Amount of the outstanding Letters of Credit shall be deemed to have been reduced by the amount of such cash collateral. The Agent shall give prompt notice of any prepayment required under this Section 2.10(b)(i) to the Company and the Lenders, and shall provide prompt notice to the Company of any such notice of required prepayment received by it from any Lender.

(ii) Each prepayment made pursuant to this Section 2.10(b) shall be made together with any interest accrued to the date of such prepayment on the principal amounts prepaid and, in the case of any prepayment of a Eurocurrency Rate Advance on a date other than the last day of an Interest Period or at its maturity, any additional amounts which the applicable Borrower shall be obligated to reimburse to the Lenders in respect thereof pursuant to Section 9.04(c). The

Agent shall give prompt notice of any prepayment required under this Section 2.10(b) to the Company and the Lenders.

SECTION 2.11. Increased Costs. (a) If, due to either (i) the introduction of or any change after the Effective Date in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority including, without limitation, any agency of the European Union or similar monetary or multinational authority (whether or not having the force of law), (A) there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurocurrency Rate Advances or of agreeing to issue or of issuing or maintaining or participating in Letters of Credit, (B) any Lender or its Applicable Lending Office is subjected to any Taxes, or there shall be a change the basis of taxation of payments to such Lender (other than with respect to Taxes for which Lenders are indemnified under Section 2.14 and Excluded Taxes as to both of which Section 2.14 shall govern), or (C) there shall be imposed, modified or deemed applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Eurocurrency Rate) or any Issuing Bank, then the Company shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Company and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) that becomes effective after the Effective Date, or any change in any such existing law, regulation, guideline or request, affects or would affect the amount of capital or liquidity required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital or liquidity is increased by or based upon the existence of such Lender’s commitment to lend or to issue or participate in Letters of Credit hereunder and other commitments of such type or the issuance or maintenance of or participation in the Letters of Credit (or similar contingent obligations), then, upon demand by such Lender (with a copy of such demand to the Agent), the Company shall pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital or liquidity to be allocable to the existence of such Lender’s commitment to lend or to issue or participate in Letters of Credit hereunder or to the issuance or maintenance of or participation in any Letters of Credit. A certificate as to such amounts submitted to the Company and the Agent by such Lender shall be conclusive and binding for all purposes, absent manifest error.

(c) Notwithstanding anything to the contrary in this Section 2.11, the Company shall not be required to compensate a Lender pursuant to this Section 2.11 for any amounts incurred more than 270 days prior to the date that such Lender notifies the Company of such Lender’s intention to claim compensation therefor; provided that, if the circumstances giving rise to such claim have a retroactive effect, then such 270-day period shall be extended to include the period of such retroactive effect.

(d) For the avoidance of doubt, for purposes of this Section 2.11, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of law) and (y) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of law), in each case pursuant to Basel III, shall in each case be deemed to be a change in law regardless of the date enacted, adopted, issued, promulgated or implemented.

SECTION 2.12. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurocurrency Lending Office to perform its obligations hereunder to make Eurocurrency Rate Advances in Dollars or any Committed Currency or to fund or maintain Eurocurrency Rate Advances in Dollars or any Committed Currency hereunder, (a) each Eurocurrency Rate Advance will automatically, upon such demand (i) if such Eurocurrency Rate Advance is denominated in Dollars, be Converted into a Base Rate Advance and (ii) if such Eurocurrency Rate Advance is denominated in any Committed Currency, be exchanged into an Equivalent amount of Dollars and be Converted into a Base Rate Advance and (b) the obligation of the Lenders to make Eurocurrency Rate Advances or to Convert Advances into Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist; provided, however, that before making any such demand, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Eurocurrency Lending Office if the making of such a designation would allow such Lender or its Eurocurrency Lending Office to continue to perform its obligations to make Eurocurrency Rate Advances or to continue to fund or maintain Eurocurrency Rate Advances and would not, in the judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 2.13. Payments and Computations. (a) Each Borrower shall make each payment required to be made by such Borrower hereunder (except with respect to principal of, interest on, and other amounts relating to, Advances denominated in a Committed Currency), irrespective of any right of counterclaim or set-off, not later than 11:00 A.M. (New York City time) on the day when due in Dollars to the Agent at the applicable Agent's Account in same day funds. Each Borrower shall make each payment required to be made by such Borrower hereunder with respect to principal of, interest on, and other amounts relating to, Advances denominated in a Committed Currency, irrespective of any right of counterclaim or set-off, not later than 11:00 A.M. (at the Payment Office for such Committed Currency) on the day when due in such Committed Currency to the Agent, by deposit of such funds to the applicable Agent's Account in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest, fees or commissions ratably (other than amounts payable pursuant to

Section 2.04(b), 2.11, 2.14 or 9.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon any Assuming Lender becoming a Lender hereunder as a result of a Commitment Increase pursuant to Section 2.18 or an extension of the Termination Date pursuant to Section 2.19 and upon the Agent's receipt of such Lender's Assumption Agreement and recording of the information contained therein in the Register, from and after the applicable Increase Date or Extension Date, as the case may be, the Agent shall make all payments hereunder and under any Notes issued in connection therewith in respect of the interest assumed thereby to the Assuming Lender. Upon its acceptance of an Assignment and Assumption and recording of the information contained therein in the Register pursuant to Section 9.07(c), from and after the effective date specified in such Assignment and Assumption, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) Each Borrower hereby authorizes each Lender, if and to the extent payment owed to such Lender by such Borrower is not made when due hereunder or under the Note held by such Lender, to charge from time to time against any or all of such Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Base Rate (other than when the Base Rate is determined by reference to the Federal Funds Rate or the Eurocurrency Rate) shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurocurrency Rate or the Federal Funds Rate and of fees and Letter of Credit commissions shall be made by the Agent on the basis of a year of 360 days (or, in each case of Advances denominated in Committed Currencies where market practice differs, in accordance with market practice), in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest, fee or commission, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurocurrency Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Agent shall have received notice from any Borrower prior to the date on which any payment is due to the Lenders hereunder that such Borrower will not make such payment in full, the Agent may assume that such Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent such Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at (i) the Federal Funds Rate in the case of Advances denominated in Dollars or (ii) the cost of funds incurred by the Agent in respect of such amount in the case of Advances denominated in Committed Currencies.

(f) To the extent that the Agent receives funds for application to the amounts owing by any Borrower under or in respect of this Agreement or any Note in currencies other than the currency or currencies required to enable the Agent to distribute funds to the Lenders in accordance with the terms of this Section 2.13, the Agent shall be entitled to convert or exchange such funds into Dollars or into a Committed Currency or from Dollars to a Committed Currency or from a Committed Currency to Dollars, as the case may be, to the extent necessary to enable the Agent to distribute such funds in accordance with the terms of this Section 2.13; provided that each Borrower and each of the Lenders hereby agree that the Agent shall not be liable or responsible for any loss, cost or expense suffered by such Borrower or such Lender as a result of any conversion or exchange of currencies affected pursuant to this Section 2.13(f) or as a result of the failure of the Agent to effect any such conversion or exchange; and provided further that each Borrower agrees to indemnify the Agent and each Lender, and hold the Agent and each Lender harmless, for any and all losses, costs and expenses incurred by the Agent or any Lender for any conversion or exchange of currencies (or the failure to convert or exchange any currencies) in accordance with this Section 2.13(f) paid by such Borrower.

SECTION 2.14. Taxes. (a) Any and all payments by each Borrower to or for the account of any Lender or the Agent hereunder or under the Notes or any other documents to be delivered hereunder shall be made, in accordance with Section 2.13 or the applicable provisions of such other documents, free and clear of and without deduction for any and all Indemnified Taxes. If any Borrower shall be required by law to deduct any Indemnified Taxes from or in respect of any sum payable hereunder or under any Note or any other documents to be delivered hereunder to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Company shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under the Notes or any other documents to be delivered hereunder or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or the Notes or any other documents to be delivered hereunder, excluding, however, such taxes imposed as a result of an assignment (other than an assignment that occurs as a result of the Company’s demand) or participation (hereinafter referred to as “ Other Taxes”).

(c) Each Borrower shall indemnify each Lender and the Agent for and hold it harmless against the full amount of Indemnified Taxes or Other Taxes imposed on or paid by such

Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor. The written demand shall include the original or a copy of a receipt or a demand issued by the relevant governmental authority evidencing such payment or demanding such payment, together with a certificate setting forth the amount of such Indemnified Taxes or Other Taxes and, in reasonable detail, the calculation and basis for such Indemnified Taxes or Other Taxes.

(d) Within 30 days after the date of any payment of Indemnified Taxes by a Borrower to a governmental authority, each Borrower shall furnish to the Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt evidencing such payment to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Agent.

(e) (i) Each Lender that is a United States person, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assumption Agreement or the Assignment and Assumption pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by the Company, shall provide each of the Agent and the Company with two duly completed original Internal Revenue Service Forms W-9 or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from United States withholding tax on payments pursuant to this Agreement or the Notes. For purposes of this subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(ii) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assumption Agreement or the Assignment and Assumption pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by the Company, shall provide each of the Agent and the Company with two duly completed original Internal Revenue Service Forms W-8BEN, W-8ECI or W-8IMY, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes.

(iii) If a payment made to a Lender would be subject to United States federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Company, at the time or times prescribed by law and at such time or times reasonably requested in writing by the Company, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested in writing by the Company as may be necessary for the Borrowers to comply with their obligations under FATCA, to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment.

(f) Should a Lender become subject to Excluded Taxes because of its failure to deliver a form, certificate or other document described in Section 2.14(e), the Company shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Excluded Taxes.

(g) Any Lender that is entitled to an exemption from or reduction of withholding tax imposed by any jurisdiction other than the United States (a "Foreign Jurisdiction") with respect to payments under this Agreement shall deliver to the relevant Borrower (with a copy to the Agent) within 15 Business Days following receipt of the written notice referred to below, such properly completed and executed documentation as is reasonably requested by such Borrower or the Agent in order to permit such payments to be made with the benefit of such exemption or reduction (and shall make application to the relevant governmental authority for exemption or reduced rates if it is the party required by law to do so), provided, however, that such Lender has received written notice from such Borrower or the Agent identifying the requirements for such exemption or reduction, supplying all applicable documentation and specifying the time period within which documentation is to be provided under this Section 2.14(g) (or such application is to be made). Without limiting the Lenders' obligations under the preceding sentence, each Lender agrees that it will, without material cost or other material disadvantage (as determined in such Lender's good faith judgment), cooperate with such Borrower to minimize the applicable withholding tax burdens in such Foreign Jurisdiction. If any Lender becomes subject to any Tax because it fails to comply with this Section 2.14(g), each Borrower shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Tax. The Agent agrees that it will provide administrative and ministerial assistance to each relevant Borrower with respect to any payments made by such Borrower to the Lenders, and the calculation, reporting, withholding and remitting of any Taxes imposed by such Foreign Jurisdiction to the appropriate governmental authority. Notwithstanding the foregoing, (i) the Borrowers shall retain primary responsibility for ascertaining the requirements of applicable law and providing to the Lenders the written notice described in the first sentence of this Section 2.14(g), and (ii) no failure by the Agent to meet any obligations under this Section 2.14(g) shall operate to excuse any Borrower from its obligations to the Lenders under this Section 2.14(g). In all events, as between the Company and the Agent, the Company shall make all final decisions concerning whether payments to a Lender are subject to any withholding.

(h) If the Agent or a Lender (or an assignee) determines, in its reasonable discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by any Borrower or with respect to which any Borrower has paid additional amounts pursuant to this Section 2.14, it shall pay over such refund plus any interest received from the governmental authority, to such Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 2.14 with respect to the Indemnified Taxes or the Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Agent or such Lender (or assignee).

SECTION 2.15. Sharing of Payments, Etc. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Advances or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Advances and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Agent of such fact, and (b) purchase (for cash at face value) participations in the Advances and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Advances and other amounts owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Advances or participations in L/C Obligations to any assignee or participant, other than to a Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Borrower in the amount of such participation.

SECTION 2.16. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Advance owing to such Lender from time to time hereunder, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Advances. Each Borrower agrees that upon notice by any Lender to such Borrower (with a copy of such notice to the Agent) to the effect that a Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender to such Borrower, such Borrower shall promptly execute and deliver to such Lender a Note payable to the order of such Lender in a principal amount up to the Revolving Credit Commitment of such Lender.

(b) The Register maintained by the Agent pursuant to Section 9.07(c) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assumption Agreement and each Assignment and Assumption delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iv) the amount of any sum received by the Agent from such Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from each Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of any Borrower under this Agreement.

SECTION 2.17. Use of Proceeds. The proceeds of the Advances shall be available (and each Borrower agrees that it shall use such proceeds) solely for general corporate purposes of the Company and its Subsidiaries.

SECTION 2.18. Increase in the Revolving Credit Commitments. (a) The Company may, at any time but in any event not more than twice in any calendar year prior to the Termination Date, by notice to the Agent, request that the aggregate amount of the Revolving Credit Commitments be increased by an amount of $50,000,000 or an integral multiple of $5,000,000 in excess thereof (each a "Commitment Increase") to be effective as of a date that is at least 90 days prior to the scheduled Termination Date then in effect (the "Increase Date") as specified in the related notice to the Agent; provided, however that (i) in no event shall the aggregate amount of the Revolving Credit Commitments at any time exceed $2,750,000,000 and (ii) on the date of any request by the Company for a Commitment Increase and on the related Increase Date the applicable conditions set forth in Article III shall be satisfied.

(b) The Agent shall promptly notify the Lenders of a request by the Company for a Commitment Increase, which notice shall include (i) the proposed amount of such requested Commitment Increase, (ii) the proposed Increase Date and (iii) the date (which shall be earlier than the Increase Date) by which Lenders wishing to participate in the Commitment Increase must commit to an increase in the amount of their respective Revolving Credit Commitments (the " Commitment Date"). Each Lender that is willing to participate in such requested Commitment Increase (each an " Increasing Lender") shall, in its sole discretion, give written notice to the Agent on or prior to the Commitment Date of the amount by which it is willing to increase its Revolving Credit Commitment (and any failure by a Lender to respond to such request for a Commitment Increase shall be deemed to be a rejection by such Lender or such request). If the Lenders notify the Agent that they are willing to increase the amount of their respective Revolving Credit Commitments by an aggregate amount that exceeds the amount of the requested Commitment Increase, the requested Commitment Increase shall be allocated among the Lenders willing to participate therein in such amounts as are agreed between the Company and the Agent.

(c) Promptly following each Commitment Date, the Agent shall notify the Company as to the amount, if any, by which the Lenders are willing to participate in the requested Commitment Increase. If the aggregate amount by which the Lenders are willing to participate in any requested Commitment Increase on any such Commitment Date is less than the requested Commitment Increase, then the Company may extend offers to one or more Eligible Assignees to participate in any portion of the requested Commitment Increase that has not been committed to by the Lenders as of the applicable Commitment Date; provided, however, that the Revolving Credit Commitment of each such Eligible Assignee shall be in an amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof.

(d) On each Increase Date, each Eligible Assignee that accepts an offer to participate in a requested Commitment Increase in accordance with Section 2.18(b) (each such Eligible Assignee, an "Assuming Lender") shall become a Lender party to this Agreement as of such Increase Date and the Revolving Credit Commitment of each Increasing Lender for such requested Commitment Increase shall be so increased by such amount (or by the amount allocated to such Lender pursuant to the last sentence of Section 2.18(b)) as of such Increase Date; provided, however, that the Agent shall have received on or before such Increase Date the following, each dated such date:

(i) an opinion of counsel for the Company (which may be in-house counsel), in substantially the form of Exhibit E hereto;

(ii) an assumption agreement from each Assuming Lender, if any, in form and substance reasonably satisfactory to the Company and the Agent (each an "Assumption Agreement"), duly executed by such Eligible Assignee, the Agent and the Company; and

(iii) confirmation from each Increasing Lender of the increase in the amount of its Revolving Credit Commitment in a writing reasonably satisfactory to the Company and the Agent.

On each Increase Date, upon fulfillment of the conditions set forth in the immediately preceding sentence of this Section 2.18(d), the Agent shall notify the Lenders (including, without limitation, each Assuming Lender) and the Company, on or before 1:00 P.M. (New York City time), by telecopier, of the occurrence of the Commitment Increase to be effected on such Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and each Assuming Lender on such date. Each Increasing Lender and each Assuming Lender shall, before 2:00 P.M. (New York City time) on the Increase Date, purchase that portion of outstanding Advances of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Advances to be funded and held on a pro rata basis by the Lenders in accordance with their Ratable Shares.

SECTION 2.19. Extension of Termination Date. (a) At least 60 days but not more than 90 days prior to either or both of the first and second anniversaries of the Restatement Date, the Company, by written notice to the Agent, may request an extension of the Termination Date in effect at such time by one year from its then scheduled expiration. The Agent shall promptly notify each Lender of such request, and each Lender shall in turn, in its sole discretion, not later than 20 days prior to such anniversary date, notify the Company and the Agent in writing as to whether such Lender will consent to such extension. If any Lender shall fail to notify the Agent and the Company in writing of its consent to any such request for extension of the Termination Date at least 20 days prior to such anniversary date, such Lender shall be deemed to be a Non-Consenting Lender with respect to such request. The Agent shall notify the Company not later than 15 days prior to such anniversary date of the decision of the Lenders regarding the Company's request for an extension of the Termination Date.

(b) If all the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.19, the Termination Date in effect at such time shall, effective as at the applicable anniversary date (the " Extension Date") and subject to the satisfaction of the conditions set forth in Section 3.03, be extended for one year. If less than all of the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.19, the Termination Date in effect at such time shall, effective as at the applicable Extension Date and subject to subsection (d) of this Section 2.19, be extended as to those Lenders that so consented (each a "Consenting Lender") but shall not be extended as to any other Lender (each a " Non-Consenting Lender"). To the extent that the Termination Date is not extended as to any Lender pursuant to this Section 2.19 and the Commitment of such Lender is not assumed in accordance with subsection (c) of this Section 2.19 on or prior to the applicable Extension Date, the Commitment of such Non-Consenting Lender shall automatically terminate in whole on such unextended Termination Date without any further notice or other action by the Company, such Lender or any other Person; provided that such Non-Consenting Lender's rights under Sections 2.11, 2.14 and 9.04, and its obligations under Section 8.05, shall survive the Termination Date for such Lender as to matters occurring prior to such date. It is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Company for any requested extension of the Termination Date.

(c) If less than all of the Lenders consent to any such request pursuant to subsection (a) of this Section 2.19, the Agent shall promptly so notify the Consenting Lenders, and each Consenting Lender may, in its sole discretion, give written notice to the Agent not later than 10 days prior to the Extension Date of the amount of the Non-Consenting Lenders' Commitments for which it is willing to accept an assignment. If the Consenting Lenders notify the Agent that they are willing to accept assignments of Commitments in an aggregate amount that exceeds the amount of the Commitments of the Non-Consenting Lenders, such Commitments shall be allocated among the Consenting Lenders willing to accept such assignments in such amounts as are agreed between the Company and the Agent. If after giving effect to the assignments of Commitments described above there remains any Commitments of Non-Consenting Lenders, the Company may arrange for one or more Consenting Lenders or other Eligible Assignees as Assuming Lenders to assume, effective as of the Extension Date, any Non-Consenting Lender's Commitment and all of the obligations of such Non-Consenting Lender under this Agreement thereafter arising, without recourse to or warranty by, or expense to, such Non-Consenting Lender; provided, however, that the amount of the Commitment of any such Assuming Lender as a result of such substitution shall in no event be less than $10,000,000 unless the amount of the Commitment of such Non-Consenting Lender is less than $10,000,000, in which case such Assuming Lender shall assume all of such lesser amount; and provided further that:

(i) any such Consenting Lender or Assuming Lender shall have paid to such Non-Consenting Lender (A) the aggregate principal amount of, and any interest accrued and unpaid to the effective date of the assignment on, the outstanding Advances, if any, of such Non-Consenting Lender plus (B) any accrued but unpaid facility fees owing to such Non-Consenting Lender as of the effective date of such assignment;

(ii) all additional costs reimbursements, expense reimbursements and indemnities payable to such Non-Consenting Lender, and all other accrued and unpaid amounts owing to such Non-Consenting Lender hereunder, as of the effective date of such assignment shall have been paid to such Non-Consenting Lender; and

(iii) with respect to any such Assuming Lender, the applicable processing and recordation fee required under Section 9.07 for such assignment shall have been paid;

provided further that such Non-Consenting Lender's rights under Sections 2.11, 2.14 and 9.04, and its obligations under Section 8.05, shall survive such substitution as to matters occurring prior to the date of substitution. At least three Business Days prior to any Extension Date, (A) each such Assuming Lender, if any, shall have delivered to the Company and the Agent an Assumption Agreement, duly executed by such Assuming Lender, such Non-Consenting Lender, the Company and the Agent, (B) any such Consenting Lender shall have delivered confirmation in writing satisfactory to the Company and the Agent as to the increase in the amount of its Commitment and (C) each Non-Consenting Lender being replaced pursuant to this Section 2.19 shall have delivered to the Agent any Note or Notes held by such Non-Consenting Lender. Upon the payment or prepayment of all amounts referred to in clauses (i), (ii) and (iii) of the immediately preceding sentence, each such Consenting Lender or Assuming Lender, as of the Extension Date, will be substituted for such Non-Consenting Lender under this Agreement and shall be a Lender for all purposes of this Agreement, without any further acknowledgment by or the consent of the other Lenders, and the obligations of each such Non-Consenting Lender hereunder shall, by the provisions hereof, be released and discharged, provided that the Extension Date effectiveness shall be subject to the satisfaction of the conditions set forth in clause (d) below.

(d) If (after giving effect to any assignments or assumptions pursuant to subsection (c) of this Section 2.19) Lenders having Commitments equal to at least 50% of the Commitments in effect immediately prior to the Extension Date consent in writing to a requested extension (whether by execution or delivery of an Assumption Agreement or otherwise) not later than one Business Day prior to such Extension Date, the Agent shall so notify the Company, and, subject to the satisfaction of the conditions set forth in Section 3.03, the Termination Date then in effect shall be extended for the additional one-year period as described in subsection (a) of this Section 2.19, and all references in this Agreement, and in the Notes, if any, to the "Termination Date" shall, with respect to each Consenting Lender and each Assuming Lender for such Extension Date, refer to the Termination Date as so extended. Promptly following each Extension Date, the Agent shall notify the Lenders (including, without limitation, each Assuming Lender) of the extension of the scheduled Termination Date in effect immediately prior thereto and shall thereupon record in the Register the relevant information with respect to each such Consenting Lender and each such Assuming Lender.

SECTION 2.20. Defaulting Lenders. (a) If any Letters of Credit are outstanding at the time a Lender becomes a Defaulting Lender, and the Commitments have not been terminated in accordance with Section 6.01, then:

(i) so long as no Default has occurred and is continuing, all or any part of the Available Amount of outstanding Letters of Credit shall be reallocated among the Non-

Defaulting Lenders in accordance with their respective Ratable Shares (disregarding any Defaulting Lender's Revolving Credit Commitment) but only to the extent that the sum of (A) the aggregate principal amount of all Advances made by such Non-Defaulting Lenders (in their capacity as Lenders) and outstanding at such time, plus (B) such Non-Defaulting Lenders' Ratable Shares (before giving effect to the reallocation contemplated herein) of the Available Amount of all outstanding Letters of Credit, plus (C) the aggregate principal amount of all Advances made by each Issuing Bank pursuant to Section 2.03(c) that have not been ratably funded by such Non-Defaulting Lenders and outstanding at such time, plus (D) such Defaulting Lender's Ratable Share of the Available Amount of such Letters of Credit, does not exceed the total of all Non-Defaulting Lenders' Revolving Credit Commitments and, after giving effect thereto with respect to each Non-Defaulting Lender, the sum of the Advances and participations in Letters of Credit (including any Advances made by an Issuing bank pursuant to Section 2.03(c) that have not been ratably funded by the Lenders and outstanding at such time) does not exceed such Non-Defaulting Lender's Revolving Credit Commitment.

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrowers shall within one Business Day following notice by any Issuing Bank, Cash Collateralize such Defaulting Lender's Ratable Share of the Available Amount of such Letters of Credit (after giving effect to any partial reallocation pursuant to clause (i) above) by paying cash collateral to such Issuing Bank; provided that, so long as no Default shall be continuing, such cash collateral shall be released promptly upon the earliest of (A) the reallocation of the Available Amount of outstanding Letters of Credit among Non-Defaulting Lenders in accordance with clause (i) above, (B) the termination of the Defaulting Lender status of the applicable Lender or (C) such Issuing Bank's good faith determination that there exists excess cash collateral (in which case, the amount equal to such excess cash collateral shall be released);

(iii) if the Ratable Shares of Letters of Credit of the Non-Defaulting Lenders are reallocated pursuant to this Section 2.20(a), then the fees payable to the Lenders pursuant to Section 2.04(b)(i) shall be adjusted in accordance with such Non-Defaulting Lenders' Ratable Shares of Letters of Credit;

(iv) if any Defaulting Lender's Ratable Share of Letters of Credit is neither Cash Collateralized nor reallocated pursuant to this Section 2.20(a), then, without prejudice to any rights or remedies of any Issuing Bank or any Lender hereunder, all Letter of Credit fees payable under Section 2.04(b)(i) with respect to such Defaulting Lender's Ratable Share of Letters of Credit shall be payable to the applicable Issuing Bank until such Defaulting Lender's Ratable Share of Letters of Credit is Cash Collateralized and/or reallocated; and

(v) to the extent that the Available Amount of any outstanding Letter of Credit is Cash Collateralized by the Borrowers pursuant to this Section 2.20, the Borrowers shall not be required to pay any commission otherwise payable pursuant to Section 2.05(b)(i) on that portion of the Available Amount that is so Cash Collateralized.

(b) So long as any Lender is a Defaulting Lender, no Issuing Bank shall be required to issue, amend or increase any Letter of Credit unless it is satisfied that the related exposure will be 100% covered by the Revolving Credit Commitments of the Non-Defaulting Lenders and/or cash collateral will be provided by the applicable Borrower, and participating interests in any such newly issued or increased Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 2.20(a)(i) (and Defaulting Lenders shall not participate therein).

(c) No Revolving Credit Commitment of any Lender shall be increased or otherwise affected, and, except as otherwise expressly provided in this Section 2.20, performance by the Borrowers of their obligations shall not be excused or otherwise modified as a result of the operation of this Section 2.20. The rights and remedies against a Defaulting Lender under this Section 2.20 are in addition to any other rights and remedies which the Borrowers, the Agent, any Issuing Bank or any Lender may have against such Defaulting Lender.

(d) If the Borrowers, the Agent and each Issuing Bank agree in writing in their reasonable determination that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any cash collateral), that Lender will, to the extent applicable, purchase that portion of outstanding Advances of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Advances and funded and unfunded participations in Letters of Credit to be held on a pro rata basis by the Lenders in accordance with their Ratable Share (without giving effect to Section 2.20(a)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of any Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

(e) Notwithstanding anything to the contrary contained in this Agreement, any payment of principal, interest, commitment fees, Letter of Credit commissions or other amounts received by the Agent for the account of any Defaulting Lender under this Agreement (whether voluntary or mandatory, at maturity, pursuant to Article VI or otherwise) shall be applied at such time or times as may be reasonably determined by the Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Bank hereunder; third, if so reasonably determined by the Agent or requested by any Issuing Bank, to be held as cash collateral for future funding obligations of such Defaulting Lender in respect of any participation in any Letter of Credit; fourth, as the Borrowers may request (so long as no Default exists), to the funding of any Advance in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as reasonably determined by the Agent; fifth, if so reasonably determined by the Agent and the Borrowers, to be held in the L/C Cash Deposit Account and released in order to satisfy obligations of such Defaulting Lender to fund Advances under this Agreement; sixth, to the payment of any amounts owing to the Lenders or the Issuing Banks as a result of any judgment of a court of competent jurisdiction obtained by any Lender or Issuing Bank against such

Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default exists, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Advance in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Advances were made or the related Letters of Credit were issued at a time when the applicable conditions set forth in Article III were satisfied or waived, such payment shall be applied solely to pay the Advances of all Non-Defaulting Lenders and Potential Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Advances of such Defaulting Lender and provided further that any amounts held as cash collateral for funding obligations of a Defaulting Lender shall be returned to such Defaulting Lender upon the termination of this Agreement and the satisfaction of such Defaulting Lender's obligations hereunder. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section 2.20 shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

SECTION 2.21. Mitigation Obligations; Replacement of Lenders. (a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.11, or requires a Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any governmental authority for the account of any Lender pursuant to Section 2.14, then such Lender shall (at the request of the Company) use reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.11 or 2.14, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.11, or if any Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any governmental authority for the account of any Lender pursuant to Section 2.14 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 2.21(a), or if any Lender is a Defaulting Lender, a Protesting Lender or a Lender that does not approve any consent, waiver or amendment that (i) requires the approval of all affected Lenders in accordance with the terms of Section 9.01 and (ii) has been approved by the Required Lenders (a "Non-Approving Lender"), then the Company may, at its sole expense and effort, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.07), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.11 or Section 2.14) and obligations under this Agreement to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Agent shall have received the assignment fee (if any) specified in Section 9.07;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder (including any amounts under Section 9.04(c)) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.11 or payments required to be made pursuant to Section 2.14, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Approving Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of the Amendment and Restatement . This amendment and restatement of the Existing Credit Agreement (this "Amendment and Restatement") shall become effective on the first date (the "Restatement Date") on which the following conditions have been satisfied:

(a) Except for the Disclosed Matters, no Material Adverse Change shall have occurred and be continuing since December 31, 2013.

(b) There shall exist no action, suit, investigation, litigation or proceeding affecting the Company or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) except for the Disclosed Matters, could be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

(c) The Company shall have notified each Lender and the Agent in writing as to the proposed Restatement Date.

(d) The Company shall have paid all accrued fees and expenses of the Agent and the Lenders (including the accrued fees and expenses of counsel to the Agent (but not other Lenders)) required to be paid by it.

(e) On the Restatement Date, the following statements shall be true and the Agent shall have received for the account of each Lender a certificate signed by a duly authorized officer of the Company, dated the Restatement Date, stating that:

(i) The representations and warranties contained in Section 4.01 are correct on and as of the Restatement Date, and

(ii) No event has occurred and is continuing that constitutes a Default.

(f) The Agent shall have received on or before the Restatement Date the following, each dated such day, in form and substance satisfactory to the Agent and (except for the Notes) in sufficient copies for each Lender:

(i) The Notes of the Initial Borrower to the order of the Lenders to the extent requested by any Lender pursuant to Section 2.16.

(ii) Certified copies of the resolutions of the board of directors or other governing body of the Initial Borrower approving this Amendment and Restatement and the Notes, and of all documents evidencing other necessary corporate or similar action and governmental approvals, if any, with respect to this Amendment and Restatement and the Notes to be delivered by it.

(iii) A certificate of the Secretary or an Assistant Secretary of the Initial Borrower certifying the names and true signatures of the officers of the Initial Borrower authorized to sign this Amendment and Restatement and the Notes to be delivered by it and the other documents to be delivered hereunder.

(iv) Favorable opinions of (A) Nixon Peabody LLP, counsel for the Initial Borrower, and (B) Don H. Liu, General Counsel of the Initial Borrower, substantially in the form of Exhibits D-1 and D-2 hereto, respectively.

(v) A favorable opinion of Shearman & Sterling LLP, counsel for the Agent, in form and substance satisfactory to the Agent.

SECTION 3.02. Initial Advance to Each Designated Subsidiary. The obligation of each Lender to make an initial Advance to each Designated Subsidiary is subject to the receipt by the Agent on or before the date that is at least five days prior to the proposed date of such initial Advance of each of the following, in form and substance reasonably satisfactory to the Agent and dated such date, and (except for the Notes) in sufficient copies for each Lender:

(a) The Notes of such Designated Subsidiary to the order of the Lenders to the extent requested by any Lender pursuant to Section 2.16.

(b) Certified copies of the resolutions of the board of directors or other governing body of such Designated Subsidiary (with a certified English translation if the original thereof is not in English) approving this Agreement, its Designation Agreement and the Notes to be delivered by it, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement.

(c) A certificate of a proper officer of such Designated Subsidiary certifying the names and true signatures of the officers of such Designated Subsidiary authorized to sign its Designation Agreement and the Notes to be delivered by it and the other documents to be delivered by it hereunder.

(d) A certificate signed by a duly authorized officer of the Company, certifying that such Designated Subsidiary has obtained all governmental and third party authorizations, consents, approvals (including exchange control approvals) and licenses required under applicable laws and regulations necessary for such Designated Subsidiary to execute and deliver its Designation Agreement and the Notes to be delivered by it and to perform its obligations hereunder and thereunder.

(e) A Designation Agreement duly executed by such Designated Subsidiary and the Company.

(f) Favorable opinions of counsel (which may be in-house counsel) to such Designated Subsidiary substantially in the form of Exhibit D-3 hereto, and as to such other matters as any Lender through the Agent may reasonably request.

(g) Favorable opinions of counsel to the Company as to the enforceability of Article VII hereof.

(h) Such other approvals, opinions or documents as any Lender, through the Agent may reasonably request.

SECTION 3.03. Conditions Precedent to Each Borrowing, Issuance, Commitment Increase and Extension Date. The obligation of each Lender to make an Advance (other than an Advance made by any Issuing Bank or any Lender pursuant to Section 2.03(c)) on the occasion of each Borrowing, the obligation of each Issuing Bank to issue a Letter of Credit, each Commitment Increase and each extension of Commitments pursuant to Section 2.19 shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing, such issuance, the applicable Increase Date or the applicable Extension Date (as the case may be) (a) the following statements shall be true (and each of the giving of the applicable Notice of Borrowing, Notice of Issuance, request for Commitment Increase or request for Commitment extension and the acceptance by any Borrower of the proceeds of such Borrowing, such issuance, such Increase Date or such extension of Commitments shall constitute a representation and warranty by such Borrower that on the date of such Borrowing, such issuance or such Increase Date or such Extension Date such statements are true):

(i) the representations and warranties contained in Section 4.01 (except, in the case of Borrowings and issuances, the representations set forth in the last sentence of subsection (e) thereof and in subsection (f)(i) thereof) are correct on and as of such date (except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true on and as of such earlier date), before and after giving effect to such Borrowing, such issuance, such Commitment Increase or such extension of Commitments and to the application of the proceeds therefrom, as though made on and as of such date, and additionally, if such Borrowing or issuance shall have been requested by a Designated Subsidiary, the representations and warranties of such Designated Subsidiary contained in its Designation Agreement are correct on and as of the date of such Borrowing or such issuance, before and after giving effect to such Borrowing, such issuance, such Commitment Increase or such extension of Commitments and to the application of the proceeds therefrom, as though made on and as of such date (except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true on and as of such earlier date), and

(ii) no event has occurred and is continuing, or would result from such Borrowing, such issuance, such Commitment Increase or such extension of Commitments or from the application of the proceeds therefrom, that constitutes a Default,

and (b) if such Borrowing or issuance shall have been requested by a Designated Subsidiary that is a Foreign Subsidiary, it shall not be illegal or contravene any law or regulation for such Lender to make, maintain or participate in such Borrowing or issuance.

SECTION 3.04. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Company, by notice to the Lenders, designates as the proposed Restatement Date or the date of the initial Advance to the applicable Designated Subsidiary, as the case may be, specifying its objection thereto. The Agent shall promptly notify the Lenders of the occurrence of the Restatement Date and each date of initial Advance to a Designated Subsidiary, as applicable.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Company. The Company represents and warrants as follows:

(a) The Initial Borrower is duly organized, validly existing and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the laws of the jurisdiction of its organization.

(b) The execution, delivery and performance by the Initial Borrower of this Agreement and the Notes to be delivered by it, and the consummation of the transactions contemplated hereby, are within the Initial Borrower's corporate or similar powers, have been duly authorized by all necessary corporate or similar action, and do not contravene (i) the Initial Borrower's organizational documents or by-laws, (ii) any law applicable to the Initial Borrower or (iii) any indenture or other agreement governing Debt or other material agreement or other instrument binding upon the Company, any of its Subsidiaries or any of their properties, or give rise to a right thereunder to require the Company or any of its Subsidiaries to make any payment thereunder.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Initial Borrower of this Agreement or the Notes to be delivered by it, except as have been obtained or made and are in full force and effect or where the failure to obtain the same would not have a Material Adverse Effect.

(d) This Agreement has been, and each of the Notes to be delivered by it when delivered hereunder will have been, duly executed and delivered by the Initial Borrower. This Agreement is, and each of the Notes to which it is a party, when delivered hereunder will be, the legal, valid and binding obligation of the Initial Borrower enforceable against the Initial Borrower in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(e) The Consolidated balance sheet of the Company and its Subsidiaries as at December 31, 2013, and the related Consolidated statements of income and cash flows of the Company and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of PricewaterhouseCoopers LLP, independent public accountants, copies of which have been furnished to each Lender, fairly present the Consolidated financial condition of the Company and its Subsidiaries as at such date and the Consolidated results of the operations of the Company and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied. Except for the Disclosed Matters, no Material Adverse Change has occurred and is continuing since December 31, 2013.

(f) There is no pending or, to the Company's knowledge, threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Company or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) except for the Disclosed Matters, could reasonably be expected to result in a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

(g) Following application of the proceeds of each Advance, not more than 25 percent of the value of the assets (either of the applicable Borrower only or of such Borrower and its Subsidiaries on a Consolidated basis) subject to the provisions of Section 5.02(a) or 5.02(d) or subject to any restriction contained in any agreement or instrument between such Borrower and any Lender or any Affiliate of any Lender relating to Debt and within the scope of Section 6.01(d) will be margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

(h) No Borrower is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(i) Neither the Information Memorandum nor any other information, exhibit or report furnished by or on behalf of the Company or any other Borrower to the Agent or any Lender in connection with the negotiation and syndication of this Agreement or pursuant to the terms of this Agreement (as modified or supplemented by other information so furnished, when taken together as a whole and with the Disclosed Matters) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading in any material respect, provided that, with respect to projected financial information, the Company represents only that such information was prepared in good faith based on assumptions believed to be reasonable at the time, it being recognized by the Agent and the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results and that such differences may be material.

(j) The Company has implemented and maintains in effect policies and procedures developed in accordance with standard industry practice and designed to reasonably ensure compliance by the Company, its Subsidiaries and their respective officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Company, its Subsidiaries and their respective officers and, to the knowledge of the Company, their respective employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Company, any Subsidiary or any of their respective officers, or (b) to the knowledge of the Company, their respective employees or any agent of the Company or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person.

ARTICLE V

COVENANTS OF THE COMPANY

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit is outstanding or any Lender shall have any Commitment hereunder, the Company will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA, Environmental Laws and the Patriot Act, except where failures to do so, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, and maintain in effect and enforce policies and procedures designed to ensure compliance in all material respects by the Company, its Subsidiaries and their respective officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Company nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim (x) that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained or (y) as to which failure to make payment could not reasonably be expected to result in a Material Adverse Effect.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Company or such Subsidiary operates; provided, however, that the Company and its Subsidiaries may self-insure to the extent it determines in its good faith reasonable business judgment that such insurance is consistent with prudent business practice.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that the foregoing shall not prohibit (i) any merger or consolidation permitted under Section 5.02(b) or any liquidation or dissolution of any Subsidiary that is not a Borrower, or (ii) failures (other than with respect to the existence of any Borrower) that, in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(e) Visitation Rights. At any reasonable time and from time to time during normal business hours, permit the Agent or any of the Lenders or any agents or representatives thereof (other than financial advisors or similar persons), to examine and make abstracts from the records and books of account of, and visit the properties of, the Company and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Company and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants (in the presence of the officers of the Company or such Subsidiary); provided that (a) except as provided in Section 9.04 hereof, any inspection by any Lender or the Agent or any such representative shall be at such Lender's or the Agent's own expense, as applicable, (b) the Lenders shall coordinate the timing of their inspections and provide reasonable notice thereof and (c) unless an Event of Default shall have occurred and be continuing, such inspections, visitations and/or examinations shall be limited to once during any calendar year for each Lender.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made in a manner sufficient to enable the Company to prepare consolidated financial statements in accordance with GAAP.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, except where all failures to do so could not reasonably be expected to have a Material Adverse Effect.

(h) Transactions with Affiliates. Conduct, and cause each of its Wholly-Owned Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates on terms no less favorable in any material respect to the Company or such Subsidiary than it would obtain in its good faith judgment in a comparable arm's-length transaction with a Person not an Affiliate, except for: (i) transactions between the Company and its Subsidiaries or between the Company's Subsidiaries; (ii) any compensation or similar arrangements approved by the board of directors or other governing body of the Company or the respective Subsidiary or entered into in the ordinary course of business; (iii) issuances of Equity Securities of the Company; (iv) transactions existing on the Effective Date; and (v) transactions with Fuji Xerox, any Finance SPE or any Subsidiary, joint venture or other arrangement created in connection with any Third-Party Vendor Financing Program or any other receivables financing, and the provision of billing, collection and other services in connection with the foregoing.

(i) Reporting Requirements. Furnish to the Agent for distribution to each Lender:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Company, the Consolidated balance sheet of the Company and its Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Company and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by a Financial Officer as having been prepared in accordance with GAAP and a certificate of a Financial Officer (x) certifying whether or not any Responsible Officer has knowledge as to whether a Default has occurred and is continuing and, if a Default has occurred and is continuing, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (y) setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03;

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Company, a copy of the annual audit report for such year for the Company and its Subsidiaries, containing the Consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Company and its Subsidiaries for such fiscal year, in each case accompanied by an opinion without qualification by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing and a certificate of a Financial Officer (x) certifying whether or not any Responsible Officer has knowledge as to whether a Default has occurred and is continuing and, if a Default has occurred and is continuing, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (y) setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03;

(iii) promptly after a Responsible Officer has knowledge of the occurrence of each Default continuing on the date of such statement, a statement of a Financial Officer setting forth details of such Default and the action that the Company has taken and proposes to take with respect thereto;

(iv) promptly after the filing thereof, copies of all periodic reports, proxy statements and current reports on Form 8-K that the Company files with the SEC;

(v) promptly after a Responsible Officer has knowledge of the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Company or any of its Subsidiaries of the type described in Section 4.01(f); and

(vi) such other information regarding the operations, business affairs and financial condition of the Company or any of its Subsidiaries, or regarding compliance with this Agreement, as any Lender through the Agent may from time to time reasonably request;

The Company shall be deemed to have delivered the financial statements and other information referred to in subclauses (i), (ii), (iv) and (v) of this Section 5.01(i), when (A) such SEC filings, financials or other information have been posted on the Internet website of the SEC (http://www.sec.gov) or on the Company's own internet website as previously identified to the Agent and Lenders and (B) the Company has notified the Agent by electronic mail of such posting. If the Agent or a Lender requests such SEC filings, financial statements or other information to be delivered to it in hard copies, the Company shall furnish to the Agent or such Lender, as applicable, such statements accordingly, provided that no such request shall affect that such SEC filings, financial statements or other information have been deemed to have been delivered in accordance with the terms of the immediately preceding sentence.

(j) Covenant to Guarantee Obligations. (i) On any date after the Effective Date that any Domestic Subsidiary incurs any Debt of the types described in clause (g) or (h) of the definition of "Debt" in respect of Guaranteed Debt (as defined in the definition of "Debt") for borrowed money of the Company having an outstanding principal amount of more than $100,000,000, or (ii) on any date after the Effective Date following a written request by the

Company to the Agent stating the Company's intention to add a Guarantor hereunder, then the Company shall, at its own expense:

(A) promptly and in any event within 10 Business Days after such incurrence, cause each such Domestic Subsidiary to duly execute and deliver to the Agent a guaranty, in form and substance reasonably satisfactory to the Agent, guaranteeing the obligations of the Borrowers under this Agreement and the Notes (x) in the case of clause (i) above, to the same extent as such Domestic Subsidiary guarantees such Guaranteed Debt for borrowed money of the Company, or (y) in the case of clause (ii) above, pursuant to a guaranty that is substantially similar to Article VII hereof and in form and substance reasonably satisfactory to the Agent; and

(B) upon the request of the Agent in its sole discretion, deliver to the Agent within 30 days after such request a signed copy of a favorable opinion, addressed to the Agent and the Lenders, of counsel for such Domestic Subsidiary reasonably acceptable to the Agent as to such guaranties, guaranty supplements, being legal, valid and binding obligations of each Domestic Subsidiary party thereto enforceable in accordance with their terms.

provided, however, that any guaranty by a Domestic Subsidiary shall be terminated upon the request of the Company delivered to the Agent, provided that any guaranty delivered in accordance with Section 5.01(j)(i) shall be terminated only upon delivery by the Company to the Agent of evidence of (x) the payment in full and satisfaction of all of the obligations relating to the Guaranteed Debt for borrowed money of the Company that caused the incurrence of Debt by such Domestic Subsidiary or (y) the release and discharge in full of the guaranty in respect of such Guaranteed Debt.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit is outstanding or any Lender shall have any Commitment hereunder, the Company will not:

(a) Liens, Etc. Create or suffer to exist, or permit any of its Material Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Material Subsidiaries to assign, any right to receive income, in each case to secure Debt of any Person, other than:

(i) Permitted Liens;

(ii) (x) the Liens existing on the Effective Date and described on Schedule 5.02(a) hereto and (y) other Liens existing on the Effective Date that secure Debt existing on the Effective Date the aggregate outstanding principal amount of which does not exceed $50,000,000;

(iii) Liens under any Qualified Receivables Transaction or Third-Party Vendor Financing Programs;

(iv) purchase money Liens upon or in any real property, equipment or any fixed or capital assets acquired or held by the Company or any Material Subsidiary to secure the purchase price of such property, equipment or assets or to secure Debt incurred solely for the purpose of financing the acquisition, construction or improvement of such property, equipment or assets, in each case created within 180 days of any such acquisition or the completion of such construction or improvement, or Liens existing on such property, equipment or assets at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property), or Liens securing capital lease obligations;

(v) any Lien existing on any property before the acquisition thereof by the Company or any Subsidiary of the Company, and Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any Subsidiary of the Company or becomes a Material Subsidiary of the Company; provided that such Liens were not created in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with the Company or such Subsidiary or acquired by the Company or such Subsidiary;

(vi) other Liens securing Debt which does not exceed (without duplication) at the time such Lien is created an aggregate principal amount of $500,000,000 outstanding, provided that Liens permitted under this clause (vi) together with Debt permitted under Section 5.02(c)(viii) below shall not exceed (without duplication) an aggregate principal amount of $750,000,000 at any time outstanding;

(vii) the replacement, extension or renewal of any Lien permitted by clause (ii), (iv) or (v) above upon or in the same property theretofore subject thereto, provided that the replacement, extension or renewal of the Debt secured thereby shall have occurred without any (A) increase in the amount thereof other than to finance fees and expenses incurred in connection with such extension, renewal, refinancing or replacement, or (B) change in any direct or contingent obligor thereunder;

(viii) Liens securing Debt owing to the Company or any of its Subsidiaries;

(ix) Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business securing obligations under Hedge Agreements designed solely to protect the Company or any of its Subsidiaries from fluctuations in interest rates, currencies or the price of commodities;

(x) Liens in favor of customs and revenue authorities arising in the ordinary course of business and as a matter of law to secure payment of customs duties in connection with the importation of goods;

(xi) Liens consisting of any rights retained by a seller or shipper of goods in such goods prior to receipt of payment therefor during the shipment of such goods from the seller to the buyer;

(xii) Liens consisting of the rights of consignors of goods, whether or not perfected;

(xiii) Liens in favor of lessors securing obligations (not constituting Debt) under operating leases; and

(xiv) any financing statement reflecting a security interest that would otherwise be permitted under this Section 5.02(a).

(b) Mergers, Etc. Merge or consolidate with or into any Person, or permit any of its Material Subsidiaries to do so, except:

(i) mergers between the Company and its Subsidiaries in which the Company is the surviving entity;

(ii) mergers between Subsidiaries of the Company, provided that if one of such Subsidiaries is a Borrower hereunder, the surviving entity is, or becomes, a Borrower hereunder;

(iii) mergers with a third-party in which the Company is the surviving entity or where the surviving entity is, or becomes, a Subsidiary of the Company;

(iv) mergers of a Subsidiary of the Company with a third-party as part of a sale or other disposition of all or any part of such Subsidiary not prohibited by Section 5.02(d); and

(v) liquidations of any Subsidiary of the Company; provided that, if such Subsidiary is a Borrower, its parent is or becomes a Borrower;

provided, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(c) Subsidiary Debt. Permit any of its Wholly-Owned Subsidiaries that are not Guarantors to create or suffer to exist any Debt, other than:

(i) Debt in connection with Qualified Receivables Transactions and Third-Party Vendor Financing Programs;

(ii) Debt existing on the Effective Date;

(iii) Debt owed to the Company or to any Subsidiary of the Company;

(iv) Debt (including, without limitation, capital leases) incurred solely for the purpose of financing the acquisition, construction or improvement of any real property, business, equipment or fixed or capital asset acquired or held by the Company or any Subsidiary, in each case incurred within 180 days of any such acquisition, construction or improvement;

(v) Debt secured by Liens permitted under Section 5.02(a)(v) and Debt existing at the time any Person is merged into or consolidated with the Company or any Subsidiary of the Company or becomes a Subsidiary of the Company;

(vi) Debt incurred by Foreign Subsidiaries for working capital purposes or otherwise in the ordinary course of business (but excluding, in any event, any public capital markets Debt);

(vii) Debt in respect of acceptances, letters of credit or similar extensions of credit that (A) do not support obligations for borrowed money prohibited hereby and (B) are not drawn upon (or, if drawn upon, are reimbursed within five Business Days following payment thereof);

(viii) other Debt which, together with Debt secured by Liens permitted under Section 5.02(a)(vi) above, does not exceed (without duplication) at the time such Debt is incurred an aggregate principal amount of $750,000,000 outstanding;

(ix) indorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(x) Debt arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, provided that such Debt is extinguished within five Business Days of incurrence;

(xi) Debt under direct or indirect guarantees in respect of, or obligations (contingent or otherwise) to purchase or acquire, or otherwise to assure a creditor against loss in respect of, Debt of another Wholly-Owned Subsidiary of the Company not prohibited by this Section 5.02(c);

(xii) Debt extending the maturity of, or refunding or refinancing, in whole or in part, the Debt existing or permitted to be incurred under clauses (ii), (iv) and (v) above or Debt incurred by a Finance SPE, provided that such extension, renewal, refinancing or replacement shall have occurred without (A) increase in the amount thereof other than to finance fees and expenses incurred in connection with such extension, renewal, refinancing or replacement, or (B) unless the Debt extending, renewing, refinancing or replacing secured Debt is unsecured, any change in any direct or contingent obligor thereunder;

(xiii) Debt under this Agreement and the Notes; and

(xiv) Debt of the type permitted to be secured under Section 5.02(a)(ix) (whether or not secured by Liens).

(d) Sale of All or Substantially All Assets. Sell, lease, transfer or otherwise dispose of all or substantially all of its assets, in each case for the Company and the Company and its Subsidiaries taken as a whole, except in connection with (i) a transaction authorized by Section 5.02(b) or (ii) any Qualified Receivables Transaction or Third-Party Vendor Financing Programs. For the avoidance of doubt, the Company and its Subsidiaries may sell inventory and excess, damaged, obsolete or worn-out assets, in each case in the ordinary course of business.

(e) Payment Restrictions Affecting Subsidiaries. Directly or indirectly, enter into or suffer to exist, or permit any of its Material Subsidiaries to enter into or suffer to exist, any agreement or arrangement limiting the ability of any of its Material Subsidiaries (x) to create or permit to exist any Lien on any of its property or (y) to declare or pay dividends or other distributions in respect of its Equity Interests or repay or prepay any Debt owed to, make loans or advances to, or otherwise transfer assets to or make investments in, the Company or any Material Subsidiary of the Company (including through a covenant restricting dividends, loans, asset transfers or investments or a financial covenant which has the effect thereof), except (i) restrictions, limitations, conditions and prohibitions existing on the Effective Date, (ii) restrictions, limitations, conditions and prohibitions under or imposed by any indenture, agreement or instrument existing on the Effective Date (including this Agreement) and any similar indentures, agreements or instruments to the extent such restrictions, limitations conditions and prohibitions are no more restrictive than those set forth in such existing indentures, agreements or instruments, (iii) any agreement in effect at the time a Person first became a Material Subsidiary of the Company, so long as such agreement was not entered into solely in contemplation of such Person becoming a Material Subsidiary of the Company, (iv) any restrictions consisting of customary provisions restricting assignment, subletting or other transfers contained in leases, licenses and joint ventures and other agreements so long as such restrictions do not extend to assets other than those that are the subject of such lease, license, joint venture or other agreement, (v) restrictions with respect to any asset or Subsidiary of the Company pending the close of the sale of such asset or such Subsidiary, (vi) any restriction or encumbrance on the transfer of any assets subject to the Liens permitted by Section 5.02(a), (vii) any restriction or encumbrance imposed by applicable law, regulation, court order, rule or decree (including at the direction of any regulatory agency or department), or (viii) restrictions, limitations, conditions and prohibitions imposed in respect of the types of assets subject to, and any other restrictions consisting of customary provisions in connection with, any Third-Party Vendor Financing Program or any Qualified Receivables Transaction.

(f) Change in Nature of Business. Engage, together with its Wholly-Owned Subsidiaries (other than IP Companies), in any business as their principal lines of business, taken as a whole, other than the principal lines of business engaged in by the Company and its Subsidiaries, taken as a whole, on the Effective Date and similar or related businesses. For purposes of the foregoing, "IP Company" means any Person, whether now existing or hereafter formed, in which the Company or any of its Wholly-Owned Subsidiaries owns or acquires any Equity Interests, which Person has, as its sole primary business, one or more of the following: (i) research and development, (ii) the generation or management of intellectual property, (iii) the commercialization or maximization of the value of intellectual property developed by or transferred to such Person by the Company or one or more of its Wholly-Owned Subsidiaries, and (iv) activities incidental thereto.

(g) Use of Proceeds. Request, or permit any other Borrower to request, any Borrowing or Letter of Credit, or knowingly use, or permit any other Borrower, its Subsidiaries or its or their respective directors, officers, employees and agents to knowingly use, the proceeds of any Borrowing or Letter of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in material violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the material violation of any Sanctions applicable to any party hereto.

SECTION 5.03. Financial Covenants. So long as any Advance shall remain unpaid, any Letter of Credit is outstanding or any Lender shall have any Commitment hereunder, the Company will, with respect to each Fiscal Quarter occurring after the Effective Date:

(a) Leverage Ratio. Maintain a ratio of Debt for Borrowed Money as of the end of such Fiscal Quarter to Consolidated EBITDA for the period of four Fiscal Quarters then ended of not greater than 3.75:1.

(b) Interest Coverage Ratio. Maintain a ratio of Consolidated EBITDA to Consolidated Interest Expense, in each case for the period of four Fiscal Quarters then ended of not less than 3.00:1.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Company or any other Borrower shall fail to pay any principal of any Advance or any reimbursement obligation in respect of a Letter of Credit when the same becomes due and payable; or the Company or any other Borrower shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under this Agreement or any Note within five Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by any Borrower herein or by any Borrower in connection with this Agreement or by any Designated Subsidiary in the Designation Agreement pursuant to which such Designated Subsidiary became a Borrower hereunder shall prove to have been incorrect in any material respect when made; or

(c) (i) The Company shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(d) (with respect to any Borrower), (h), (i)(iii) or (i)(v), 5.02 or 5.03, (ii) the Company shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(i)(i), (ii), (iv) or (vi) if such failure shall remain unremedied for five Business Days after written notice thereof shall have been given to the Company by the Agent at the request of any Lender, or (iii) the Company shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by the Agent at the request of any Lender; or

(d) The Company or any of its Wholly-Owned Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal amount, or net obligations in respect of Hedge Agreements, of at least $100,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Company or such Wholly-Owned Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt or Hedge Agreement obligations and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or Hedge Agreement obligations; or any such Debt or Hedge Agreement obligations shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption, or in the case of secured Debt that becomes due as a result of a voluntary sale or transfer of the property securing such Debt), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt or Hedge Agreement obligations shall be required to be made (other than in the case of secured Debt that becomes due as a result of a voluntary sale or transfer of the property securing such Debt), in each case prior to the stated maturity thereof; or

(e) The Company, any of its Material Subsidiaries or any other Borrower shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Company, any of its Material Subsidiaries or any other Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Company, any of its Material Subsidiaries or any other Borrower shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Judgments or orders for the payment of money in excess of $100,000,000 in the aggregate shall be rendered against the Company or any of its Wholly-Owned Subsidiaries and either (i) enforcement proceedings to attach or levy upon any assets of the Company or its Wholly-Owned Subsidiaries shall have been commenced by any creditor to enforce such judgment or order or (ii) such judgment or order shall not be discharged and there shall be any period of 45 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; provided, however, that any such judgment or order shall not be subject to this Section 6.01(f) to the extent and for so long as (x) the amount of such judgment or order is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (y) such insurer, which shall be rated at least "A-" by A.M. Best Company, has been notified of, and has not denied in writing the claim made for payment of, the amount of such judgment or order; or

(g) (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Company (or other securities convertible into such Voting Stock) representing 35% or more of the combined voting power of all Voting Stock of the Company; or (ii) during any period of up to 24 consecutive months, commencing after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of the Company, together with individuals who were either (x) elected by a majority of the remaining members of the board of directors of the Company, (y) nominated for election by a majority of the remaining members of the board of directors of the Company or (z) appointed by directors so nominated, shall cease for any reason to constitute a majority of the board of directors of the Company; or

(h) The Company or any of its ERISA Affiliates shall incur, or shall be reasonably likely to incur liability in excess of $100,000,000 in the aggregate in any year as a result of one or more of the following: (i) the occurrence of any ERISA Event; (ii) the partial or complete withdrawal of the Company or any of its ERISA Affiliates from a Multiemployer Plan; or (iii) the reorganization or termination of a Multiemployer Plan; or

(i) so long as any Subsidiary of the Company is a Borrower, any provision of Article VII shall for any reason cease to be valid and binding on or enforceable against the Company, or the Company shall so state in writing; or

(j) so long as any Subsidiary of the Company is a Borrower, 80% (90% in the case of PARC) of the Equity Interest of such Borrower shall for any reason cease to be owned, directly or indirectly, by the Company;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrowers, declare the obligation of each Lender to make Advances (other than Advances to be made by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrowers, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Company or any other Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances (other than Advances to be made by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by each Borrower.

SECTION 6.02. Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Agent may with the consent, or shall at the request, of the Required Lenders, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon the Borrowers to, and forthwith upon such demand the Borrowers will, (a) pay to the Agent on behalf of the Lenders in same day funds at the Agent's office designated in such demand, for deposit in the L/C Cash Deposit Account, an amount equal to the aggregate Available Amount of all Letters of Credit then outstanding or (b) make such other arrangements in respect of the outstanding Letters of Credit as shall be acceptable to the Required Lenders and not more disadvantageous to the Borrowers than clause (a); provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Borrower under the Federal Bankruptcy Code, an amount equal to the aggregate Available Amount of all outstanding Letters of Credit shall be immediately due and payable to the Agent for the account of the Lenders without notice to or demand upon the Borrowers, which are expressly waived by each Borrower, to be held in the L/C Cash Deposit Account. If at any time an Event of Default is continuing the Agent determines that any funds held in the L/C Cash Deposit Account are subject to any right or claim of any Person other than the Agent and the Lenders or that the total amount of such funds is less than the aggregate Available Amount of all Letters of Credit, the Borrowers will, forthwith upon demand by the Agent, pay to the Agent, as additional funds to be deposited and held in the L/C Cash Deposit Account, an amount equal to the excess of (a) such aggregate Available Amount over (b) the total amount of funds, if any, then held in the L/C Cash Deposit Account that the Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit, to the extent funds are on deposit in the L/C Cash Deposit Account, such funds shall be applied to reimburse the Issuing Banks to the extent permitted by applicable law. After all such Letters of Credit shall have expired or been fully drawn upon and all other obligations of the Borrowers hereunder and under the Notes shall have been paid in full, the balance, if any, in such L/C Cash Deposit Account shall be returned to the Borrowers.

ARTICLE VII

GUARANTY

SECTION 7.01. Unconditional Guaranty. The Company hereby absolutely, unconditionally and irrevocably guarantees the punctual payment when due, whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of all obligations of each other Borrower now or hereafter existing under or in respect of this Agreement and the Notes (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (such obligations being the " Guaranteed Obligations"), and agrees to pay any and all out-of-pocket expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by the Agent or any Lender in enforcing any rights under this Agreement. Without limiting the generality of the foregoing, the Company's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by such Borrower to the Agent or any Lender under or in respect of this Agreement and the Notes but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such Borrower.

SECTION 7.02. Guaranty Absolute. (a) The Company guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of this Agreement and the Notes, regardless of any law, regulation, decree or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent or any Lender with respect thereto. The obligations of the Company under or in respect of this Guaranty are independent of the Guaranteed Obligations or any other obligations of any other Borrower under or in respect of this Agreement and the Notes, and a separate action or actions may be brought and prosecuted against the Company to enforce this Guaranty, irrespective of whether any action is brought against any Borrower or whether any Borrower is joined in any such action or actions. The guaranty hereunder is a guaranty of payment and not of collection. The liability of the Company under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and the Company hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of this Agreement, any Note or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other obligations of any Borrower under or in respect of this Agreement and the Notes, or any other amendment or waiver of or any consent to departure from this Agreement or any Note, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Borrower or any of its Subsidiaries or otherwise;

(c) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guaranty, for all or any of the Guaranteed Obligations;

(d) any manner of application of any collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any collateral for all or any of the Guaranteed Obligations or any other obligations of any Borrower under this Agreement and the Notes or any other assets of any Borrower or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of any Borrower or any of its Subsidiaries;

(f) any failure of the Agent or any Lender to disclose to the Company any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any Borrower now or hereafter known to the Agent or such Lender (the Company waiving any duty on the part of the Agent and the Lenders to disclose such information);

(g) the failure of any other Person to execute or deliver this Guaranty or any other guaranty or agreement or the release or reduction of liability of the Company or other guarantor or surety with respect to the Guaranteed Obligations; or

(h) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Agent or any Lender that might otherwise constitute a defense available to, or a discharge of, any Borrower or any other guarantor or surety (other than payment of such Guaranteed Obligations).

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Agent or any Lender or any other Person upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made.

SECTION 7.03. Waivers and Acknowledgments. (a) The Company hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that the Agent or any Lender protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Borrower or any other Person or any collateral.

(b) The Company hereby unconditionally and irrevocably waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) The Company hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by the Agent or any Lender that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of the Company or other rights of the Company to proceed against any Borrower, any other guarantor or any other Person or any collateral and (ii) any defense based on any right of set-off or counterclaim against or in respect of the obligations of the Company hereunder (other than payment of such Guaranteed Obligations).

(d) The Company hereby unconditionally and irrevocably waives any duty on the part of the Agent or any Lender to disclose to the Company any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any Borrower or any of its Subsidiaries now or hereafter known by the Agent or such Lender.

(e) The Company acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by this Agreement and the Notes and that the waivers set forth in Section 7.02 and this Section 7.03 are knowingly made in contemplation of such benefits.

SECTION 7.04. Subrogation. The Company hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against any Borrower or any other insider guarantor that arise from the existence, payment, performance or enforcement of the Company's obligations under or in respect of this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Agent or any Lender against any Borrower or any other insider guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Borrower or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, all Letters of Credit shall have expired or been terminated and the Commitments shall have expired or been terminated. If any amount shall be paid to the Company in violation of the immediately preceding sentence at any time prior to the latest of (a) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty, (b) the latest Termination Date of any Lender and (c) the latest date of expiration or termination of all Letters of Credit, such amount shall be received and held in trust for the benefit of the Agent and the Lenders, shall be segregated from other property and funds of the Company and shall forthwith be paid or delivered to the Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of this Agreement and the Notes, or to be held as collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. If (i) the Company shall make payment to the Agent or any Lender of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, (iii) the latest Termination Date of any Lender shall have occurred and (iv) all Letters of Credit shall have expired or been terminated, the Agent and the Lenders will, at the Company's request and expense, execute and deliver to the Company appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Company of an interest in the Guaranteed Obligations resulting from such payment made by the Company pursuant to this Guaranty.

SECTION 7.05. Subordination. The Company hereby subordinates any and all debts, liabilities and other obligations owed to the Company by any Borrower (the "Subordinated Obligations") to the Guaranteed Obligations to the extent and in the manner hereinafter set forth in this Section 7.05:

(a) Prohibited Payments, Etc. Except during the continuance of an Event of Default for which the Agent has notified the Company that remedies will be exercised pursuant to this Agreement (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to such Borrower), the Company may receive regularly scheduled payments from such Borrower on account of the Subordinated Obligations. After the occurrence and during the continuance of any Event of Default (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to such Borrower) for which the Agent has notified the Company that remedies will be exercised pursuant to this Agreement, the Company shall not demand, accept or take any action to collect any payment on account of the Subordinated Obligations unless the Required Lenders otherwise agree.

(b) Prior Payment of Guaranteed Obligations. In any proceeding under any Bankruptcy Law relating to such Borrower, the Company agrees that the Agent and the Lenders shall be entitled to receive payment in full in cash of all Guaranteed Obligations (including all interest and expenses accruing after the commencement of a proceeding under any Bankruptcy Law, whether or not constituting an allowed claim in such proceeding ("Post Petition Interest")) before the Company receives payment of any Subordinated Obligations.

(c) Turn-Over. After the occurrence and during the continuance of any Event of Default for which the Agent has notified the Company that remedies will be exercised pursuant to this Agreement (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to such Borrower), the Company shall, if the Agent so requests, collect, enforce and receive payments on account of the Subordinated Obligations as trustee for the Agent and the Lenders and deliver such payments to the Agent on account of the Guaranteed Obligations (including all Post Petition Interest), together with any necessary endorsements or other instruments of transfer, but without reducing or affecting in any manner the liability of the Company under the other provisions of this Guaranty.

(d) Agent Authorization. After the occurrence and during the continuance of any Event of Default for which the Agent has notified the Company that remedies will be exercised pursuant to this Agreement (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to such Borrower), the Agent is authorized and empowered (but without any obligation to so do), in its discretion, (i) in the name of the Company, to collect and enforce, and to submit claims in respect of, Subordinated Obligations and to apply any amounts received thereon to the Guaranteed Obligations (including any and all Post Petition Interest), and (ii) to require the Company (A) to collect and enforce, and to submit claims in respect of, Subordinated Obligations and (B) to pay any amounts received on such obligations to the Agent for application to the Guaranteed Obligations (including any and all Post Petition Interest).

SECTION 7.06. Continuing Guaranty; Assignments. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty, (ii) the

Termination Date and (iii) the latest date of expiration or termination of all Letters of Credit, (b) be binding upon the Company, its successors and assigns and (c) inure to the benefit of and be enforceable by the Agent and the Lenders and their successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, the Agent or any Lender may assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Agent or such Lender herein or otherwise, in each case as and to the extent provided in Section 9.07.

ARTICLE VIII

THE AGENT

SECTION 8.01. Appointment and Authority. Each of the Lenders and the Issuing Banks hereby irrevocably appoints Citibank to act on its behalf as the Agent hereunder and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Agent, the Lenders and the Issuing Banks, and no Borrower shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

SECTION 8.02. Rights as a Lender. The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, the Company or any Subsidiary or other Affiliate thereof as if such Person were not the Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 8.03. Exculpatory Provisions. (a) The Agent shall not have any duties or obligations except those expressly set forth herein, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein); provided that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to this Agreement or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any debtor relief law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any debtor relief law; and

(iii) shall not, except as expressly set forth herein, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of its Affiliates that is communicated to or obtained by the Person serving as the Agent or any of its Affiliates in any capacity.

(b) The Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 9.01 and 6.01), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Agent in writing by the Company, a Lender or an Issuing Bank.

(c) The Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent.

SECTION 8.04. Reliance by Agent. The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) reasonably believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and reasonably believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of an Advance, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuing Bank, the Agent may presume that such condition is satisfactory to such Lender or Issuing Bank unless the Agent shall have received notice to the contrary from such Lender or Issuing Bank prior to the making of such Advance or the issuance of such Letter of Credit. The Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.05. Indemnification. (a) Each Lender severally agrees to indemnify the Agent, in its capacity as such (to the extent not reimbursed by the Company), from and against such Lender's Ratable Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement (collectively, the "Indemnified Costs"), provided that no Lender shall be liable for any portion of the Indemnified Costs resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Company. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 8.05 applies whether any such investigation, litigation or proceeding is brought by the Agent, any Lender or a third party.

(b) Each Lender severally agrees to indemnify the Issuing Banks, in their respective capacities as such (to the extent not promptly reimbursed by the Company), from and against such Lender's Ratable Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against any such Issuing Bank in any way relating to or arising out of this Agreement or any action taken or omitted by such Issuing Bank hereunder or in connection herewith; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Issuing Bank's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse any such Issuing Bank promptly upon demand for its Ratable Share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Company under Section 9.04, to the extent that such Issuing Bank is not promptly reimbursed for such costs and expenses by the Company.

(c) The failure of any Lender to reimburse the Agent or any Issuing Bank promptly upon demand for its Ratable Share of any amount required to be paid by the Lenders to the Agent as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse the Agent or any Issuing Bank for its Ratable Share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Agent or any Issuing Bank for such other Lender's Ratable Share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 8.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes. Each of the Agent and each Issuing Bank agrees to return to the Lenders their respective Ratable Shares of any amounts paid under this Section 8.05 that are subsequently reimbursed by the Company.

SECTION 8.06. Delegation of Duties. The Agent may perform any and all of its duties and exercise its rights and powers hereunder by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Commitments as well as activities as Agent. The Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

SECTION 8.07. Resignation of Agent. (a) The Agent may at any time give notice of its resignation to the Lenders, the Issuing Banks and the Company. Upon receipt of any such notice of resignation, the Required Lenders shall have the right to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States, provided that, unless an Event of Default has occurred and is continuing, such successor Agent shall be reasonably satisfactory to the Company. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Agent may (but shall not be obligated to), on behalf of the Lenders and the Issuing Banks, appoint a successor Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Company and such Person remove such Person as Agent and appoint a successor, provided that, unless an Event of Default has occurred and is continuing, such successor Agent shall be reasonably satisfactory to the Company. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Agent shall be discharged from its duties and obligations hereunder (except that in the case of any collateral security held by the Agent on behalf of the Lenders or the Issuing Banks under this Agreement, the retiring or removed Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (2) except for any indemnity payments owed to the retiring or removed Agent, all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender and Issuing Bank directly, until such time, if any, as the Required Lenders appoint a successor Agent as provided for above. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Agent (other than any rights to indemnity payments owed to the retiring or removed Agent), and the retiring or removed Agent shall be discharged from all of its duties and obligations hereunder. The fees payable by the Company to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such successor. After the retiring or removed Agent's resignation or removal hereunder, the provisions of this Article and Section 9.04 shall continue in effect for the benefit of such retiring or removed Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Agent was acting as Agent.

SECTION 8.08. Non-Reliance on Agent and Other Lenders. Each Lender and Issuing Bank acknowledges that it has, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and Issuing Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any related agreement or any document furnished hereunder.

SECTION 8.09. No Other Duties, etc. Anything herein to the contrary notwithstanding, none of the Bookrunners or Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement, except in its capacity, as applicable, as the Agent, a Lender or an Issuing Bank hereunder.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes, nor consent to any departure by any Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all affected Lenders, do any of the following: (a) reduce the principal of, or rate of interest on, the Advances, any reimbursement obligation in respect of a Letter of Credit or any fees or other amounts payable hereunder; (b) postpone any date fixed for any payment of principal of, or interest on, the Advances, any reimbursement obligation in respect of a Letter of Credit or any fees or other amounts payable hereunder other than in accordance with Section 2.19; (c) increase the Commitments of the Lenders other than in accordance with Section 2.18 or extend the Commitments of the Lenders other than in accordance with Section 2.19; (d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Advances, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder; (e) release the Company from any of its obligations under Article VII or release any other guarantor from its obligations under its guaranty (except as expressly provided therein) or (f) amend this Section 9.01; and provided further that (x) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note, and (y) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Banks in addition to the Lenders required above to take such action, adversely affect the rights or obligations of the Issuing Banks in their capacities as such under this Agreement. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have the right to approve or disapprove any amendment, waiver or consent hereunder, except that (a) the Commitment of such Defaulting Lender may not be increased or extended without the consent of such Defaulting Lender, (b) the principal amount of any Advances outstanding to such Defaulting Lender may not be waived, forgiven or reduced without such Lender's consent (unless all Lenders affected thereby are treated similarly) and (c) the final maturity date(s) of such Defaulting Lender's Advances or any other extensions of credit or obligations of the Borrowers owing to such Defaulting Lender may not be extended without such Defaulting Lender's consent.

SECTION 9.02. <u>Notices, Etc</u>. (a) <u>Notices Generally</u>. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

(i) if to the Company or any other Borrower, to it at 45 Glover Avenue, Norwalk, Connecticut 06850, Attention of Vice President and Treasurer (Telephone No. 203-849-2664);

(ii) if to the Agent, to Citibank at 1615 Brett Road, Building #3, New Castle, Delaware 19720, Attention of Bank Loan Syndications (GLAgentOfficeOps@citi.com; Facsimile No. 212 994-0961 ; Telephone No. 302-323-2478);

(iii) if any Issuing Bank, to it at the address provided in writing to the Agent and the Company at the time of its appointment as an Issuing Bank hereunder;

(iv) if to a Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) <u>Electronic Communications</u>. Notices and other communications to the Lenders and the Issuing Banks hereunder may be delivered or furnished by electronic communication (including e -mail and Internet or intranet websites) pursuant to procedures approved by the Agent, <u>provided</u> that the foregoing shall not apply to notices to any Lender or Issuing Bank pursuant to Article II if such Lender or Issuing Bank, as applicable, has notified the Agent that it is incapable of receiving notices under such Article by electronic communication. The Agent or any Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) Each Borrower agrees that the Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Issuing Banks and the other Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system (the " Platform").

(ii) The Platform is provided "as is" and "as available." The Agent and its Related Parties (collectively, the "Agent Parties") do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Agent Parties have any liability to the Company or the other Borrowers, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Borrower's or the Agent's transmission of communications through the Platform. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Borrower pursuant to this Agreement or the transactions contemplated herein which is distributed to the Agent, any Lender or any Issuing Bank by means of electronic communications pursuant to this Section, including through the Platform.

SECTION 9.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9.04. Costs and Expenses. (a) The Company agrees to pay on demand all documented reasonable out-of-pocket costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Company further agrees to pay on demand all out-of-pocket costs and expenses of the Agent and the Lenders, if any, in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Agent and each Lender in connection with the enforcement of rights under this Section 9.04(a).

(b) The Company agrees to indemnify and hold harmless the Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an " Indemnified Party") from and against any and all claims, damages, losses (other than lost profits), liabilities and documented out-of-pocket expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances or Letters of Credit or (ii) the actual or alleged presence of Hazardous Materials on any property of the Company or any of its Subsidiaries or any Environmental Action relating in any way to the Company or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 9.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Company, its directors, equityholders or creditors or an Indemnified Party or any other Person, whether or not any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Company also agrees not to assert any claim for special, indirect, consequential or punitive damages against the Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances.

(c) If any payment of principal of, or Conversion of, any Eurocurrency Rate Advance is made by any Borrower to or for the account of a Lender (i) other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08, 2.10 or 2.12, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 9.07 as a result of a demand by the Company pursuant to Section 2.21 or (ii) as a result of a payment or Conversion pursuant to Section 2.08, 2.10 or 2.12, such Borrower shall, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses (other than lost profits), costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance. If the amount of the Committed Currency purchased by any Lender in the case of a Conversion or exchange of Advances in the case of Section 2.08 or 2.12 exceeds the sum required to satisfy such Lender's liability in respect of such Advances, such Lender agrees to remit to the applicable Borrower such excess.

(d) Without prejudice to the survival of any other agreement of the Borrowers hereunder, the agreements and obligations of the Borrowers contained in Sections 2.11, 2.14 and 9.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 9.05. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default under Section 6.01(a) or (b) (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of the Company or any Borrower against any and all of the obligations of the Company or any Borrower now or hereafter existing under this Agreement to such Lender and the Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Company or the applicable Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 9.06. Binding Effect. This Agreement shall become effective (other than Section 2.01, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Company and the Agent and when the Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Company, the Agent and each

Lender and their respective successors and assigns, except that neither the Company nor any other Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of each of the Lenders (and any other attempted assignment or transfer by any party hereto shall be null and void).

SECTION 9.07. Assignments and Participations. (a) Successors and Assigns Generally. No Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Advances at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Advances at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Advances outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Advances of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $10,000,000 unless each of the Agent and, so long as no Event of Default has occurred and is continuing, the Company otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Advance or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among the Letter of Credit Facility and the Revolving Credit Commitments on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Company (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Agent within five Business Days after having received notice thereof;

(B) the consent of the Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of each Issuing Bank (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Credit Commitments.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; provided that the Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment . The assignee, if it is not a Lender, shall deliver to the Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) the Company or any of the Company's Affiliates or Subsidiaries or (B) any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural Person.

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Company and the Agent, the applicable pro rata share of Advances previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the

Agent, each Issuing Bank and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Advances and participations in Letters of Credit in accordance with its Ratable Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.11 and 9.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at one of its offices in the United States a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Advances owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Company, the Agent or any Issuing Bank, sell participations to any Person (other than a natural Person or the Company or any of the Company's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Revolving Credit Commitment and/or the Advances owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrowers, the Agent, the Issuing Banks and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 8.05 with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the proviso to Section 9.01 that affects such Participant. Each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.11, 9.04(c) and 2.14 (subject to the requirements and limitations therein, including the requirements under Section 2.14(e) (it being understood that the documentation required under Section 2.14(e) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 2.21 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.11 or 2.14, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Company's request and expense, to use reasonable efforts to cooperate with the Company to effectuate the provisions of Section 2.21(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.05 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.15 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Advances or other obligations under this Agreement (the " Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under this Agreement) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.08. Confidentiality. Neither the Agent nor any Lender may disclose to any Person any confidential, proprietary or non-public information of the Company or any of its

Subsidiaries furnished to the Agent or the Lenders by the Company or any of its Subsidiaries (such information being referred to collectively herein as the "Company Information"), except that each of the Agent and each of the Lenders may disclose Company Information (i) to its and its affiliates' employees, officers, directors, agents and advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Company Information and instructed to keep such Company Information confidential on substantially the same terms as provided herein), (ii) to the extent requested by any regulatory authority, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this Agreement, (v) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section 9.08, to any assignee or Participant or prospective assignee or Participant or to any credit insurance provider, direct, indirect, actual or prospective counterparty (and its advisor) to any swap, derivative or securitization transaction related to the obligations under this Agreement, (vii) to the extent such Company Information (A) is or becomes generally available to the public on a non-confidential basis other than as a result of a breach of this Section 9.08 by the Agent or such Lender, or (B) is or becomes available to the Agent or such Lender on a nonconfidential basis from a source other than the Company, the Agent or another Lender, (viii) to any rating agency when required by it, provided that, prior to any disclosure, such rating agency shall undertake in writing to preserve the confidentiality of any confidential information relating to the Borrowers received by it from the Agent or any Lender, (ix) disclosure on a confidential basis to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Advances and (x) with the consent of the Company.

SECTION 9.09. Designated Subsidiaries. (a) Designation. The Company may at any time, and from time to time, upon not less than 15 Business Days' notice in the case of any direct or indirect Wholly-Owned Subsidiary so designated after the Restatement Date, notify the Agent that the Company intends to designate a Subsidiary as a "Designated Subsidiary" for purposes of this Agreement. On or after the date that is 15 Business Days after such notice, upon delivery to the Agent and each Lender of a Designation Letter duly executed by the Company and the respective Subsidiary and substantially in the form of Exhibit F hereto, such Subsidiary shall thereupon become a "Designated Subsidiary" for purposes of this Agreement and, as such, shall have all of the rights and obligations of a Borrower hereunder. The Agent shall promptly notify each Lender of the Company's notice of such pending designation by the Company and the identity of the respective Subsidiary. Following the giving of any notice pursuant to this Section 9.07(a), if the designation of such Designated Subsidiary obligates the Agent or any Lender to comply with "know your customer", the Patriot Act or similar identification procedures in circumstances where the necessary information is not already available to it, the Company shall, promptly upon the request of the Agent or any Lender, supply such documentation and other evidence as is reasonably requested by the Agent or any Lender in order for the Agent or such Lender to carry out and be satisfied it has complied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations.

If the Company shall designate as a Designated Subsidiary hereunder any Subsidiary not organized under the laws of the United States or any State thereof, any Lender, subject to Section

2.14(f), may, with notice to the Agent and the Company, fulfill its Commitment by causing an Affiliate or any branch of such Lender to act as the Lender in respect of such Designated Subsidiary.

As soon as practicable after receiving notice from the Company or the Agent of the Company's intent to designate a direct or indirect Wholly-Owned Subsidiary as a Designated Subsidiary, and in any event no later than five Business Days after the delivery of such notice, for a Designated Subsidiary that is organized under the laws of a jurisdiction other than of the United States or a political subdivision thereof, any Lender that may not legally lend to, establish credit for the account of and/or do any business whatsoever with such Designated Subsidiary directly or through an Affiliate of such Lender as provided in the immediately preceding paragraph (a "Protesting Lender") shall so notify the Company and the Agent in writing. With respect to each Protesting Lender, the Company shall, effective on or before the date that such Designated Subsidiary shall have the right to borrow hereunder, either (A) notify the Agent and such Protesting Lender that the Commitments of such Protesting Lender shall be terminated or cause such Protesting Lender to assign all of its Commitments to an Eligible Assignee identified by the Company in accordance with Section 2.21(b); provided that such Protesting Lender shall have received payment of an amount equal to the outstanding principal of its Advances and/or Letter of Credit reimbursement obligations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company or the relevant Designated Subsidiary (in the case of all other amounts), or (B) cancel its request to designate such Subsidiary as a "Designated Subsidiary" hereunder.

(b) Termination. Upon the indefeasible payment and performance in full of all of the indebtedness, liabilities and obligations under this Agreement of any Designated Subsidiary then, so long as at the time no Notice of Borrowing or Notice of Issuance in respect of such Designated Subsidiary is outstanding, such Subsidiary's status as a "Designated Subsidiary" shall terminate upon notice to such effect from the Agent to the Lenders (which notice the Agent shall give promptly, and only upon its receipt of a request therefor from the Company). Thereafter, the Lenders shall be under no further obligation to make any Advance hereunder to such Designated Subsidiary unless it is re-designated as a Designated Subsidiary pursuant to Section 9.09(a).

SECTION 9.10. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 9.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.12. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in Dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase

Dollars with such other currency at Citibank's principal office in London at 11:00 A.M. (London time) on the Business Day preceding that on which final judgment is given.

(b) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in a Committed Currency into Dollars, the parties agree to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase such Committed Currency with Dollars at Citibank's principal office in London at 11:00 A.M. (London time) on the Business Day preceding that on which final judgment is given.

(c) The obligation of any Borrower in respect of any sum due from it in any currency (the " Primary Currency") to any Lender or the Agent hereunder shall, notwithstanding any judgment in any other currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Agent (as the case may be), of any sum adjudged to be so due in such other currency, such Lender or the Agent (as the case may be) may in accordance with normal banking procedures purchase the applicable Primary Currency with such other currency; if the amount of the applicable Primary Currency so purchased is less than such sum due to such Lender or the Agent (as the case may be) in the applicable Primary Currency from a Borrower, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Agent (as the case may be) against such loss, and if the amount of the applicable Primary Currency so purchased exceeds such sum due to any Lender or the Agent (as the case may be) in the applicable Primary Currency, such Lender or the Agent (as the case may be) agrees to remit to such Borrower such excess.

SECTION 9.13. Jurisdiction, Etc. (a) Each of the parties hereto irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in any such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction. Each Designated Subsidiary hereby agrees that service of process in any such action or proceeding brought in any such New York State court or in such federal court may be made upon the Company at its address set forth in Section 9.02 and each Designated Subsidiary hereby irrevocably appoints the Company its authorized agent to accept such service of process, and agrees that the failure of the Company to give any notice of any such service shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. The Company and each Designated Subsidiary hereby further irrevocably consent to the service of process in any action or proceeding in such courts by the mailing thereof by any parties hereto by registered or certified mail, postage prepaid, to the Company at its address set forth in Section 9.02. To the extent that each Designated Subsidiary has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, each Designated Subsidiary hereby irrevocably waives such immunity in respect of its obligations under this Agreement.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 9.14. Substitution of Currency. If a change in any Committed Currency occurs pursuant to any applicable law, rule or regulation of any governmental, monetary or multi-national authority, this Agreement (including, without limitation, the definition of Eurocurrency Rate) will be amended to the extent determined by the Agent (acting reasonably and in consultation with the Company) to be necessary to reflect the change in currency and to put the Lenders and the Borrowers in the same position, so far as possible, that they would have been in if no change in such Committed Currency had occurred.

SECTION 9.15. No Liability of the Issuing Banks. The Borrowers assume all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither an Issuing Bank nor any of its officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the applicable Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to such Borrower, to the extent of any direct, but not consequential, damages suffered by such Borrower that such Borrower proves were caused by such Issuing Bank's willful misconduct or gross negligence when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. In furtherance and not in limitation of the foregoing, such Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; provided that nothing herein shall be deemed to excuse such Issuing Bank if it acts with gross negligence or willful misconduct in accepting such documents.

SECTION 9.16. Patriot Act Notice. Each Lender and the Agent (for itself and not on behalf of any Lender) hereby notifies each Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Lender or the Agent, as applicable, to identify each Borrower in accordance with the Patriot Act. Each Borrower shall provide such information and take such actions as are reasonably requested by the Agent or any Lenders in order to assist the Agent and the Lenders in maintaining compliance with the Patriot Act.

SECTION 9.17. Power of Attorney. Each Subsidiary of the Company may from time to time authorize and appoint the Company as its attorney-in-fact to execute and deliver (a) any amendment, waiver or consent in accordance with Section 9.01 on behalf of and in the name of such Subsidiary and (b) any notice or other communication hereunder, on behalf of and in the name of such Subsidiary. Such authorization shall become effective as of the date on which such Subsidiary delivers to the Agent a power of attorney enforceable under applicable law and any additional information to the Agent as necessary to make such power of attorney the legal, valid and binding obligation of such Subsidiary.

SECTION 9.18. No Fiduciary Duties. Each Borrower agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, such Borrower and its Affiliates, on the one hand, and the Agent, the Issuing Banks, the Lenders and their respective Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Agent, the Issuing Banks, the Lenders and or respective Affiliates and no such duty will be deemed to have arisen in connection with any such transactions or communications.

SECTION 9.19. Waiver of Jury Trial. Each of the Company, the other Borrowers, the Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

XEROX CORPORATION

By */S/ Rhonda L. Seegal*

Name: Rhonda L. Seegal
Title: Vice President and Treasurer

CITIBANK, N.A.,
as Agent

By */S/ Lisa Huang*

Name: Lisa Huang
Title: Vice President

Lenders

CITIBANK, N.A., as a Lender and as an Initial Issuing Bank

By *_/S/ Lisa Huang_*
Name: Lisa Huang
Title: Vice President

JPMORGAN CHASE BANK, N.A., as a Lender and as an Initial Issuing Bank

By *_/S/ Robert D. Bryant_*
Name: Robert D. Bryant
Title: Vice President

BANK OF AMERICA, N.A.

By *_/S/ Darren Bielauoski_*
Name: Darren Bielauoski
Title: Vice President

BNP PARIBAS

By *_/S/ Nicolas Rabier_*
Name: Nicolas Rabier
Title: Managing Director

By *_/S/ Louise Roussel_*
Name: Louise Roussel
Title: Vice President

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

By *_/S/ Vipul Dhadda_*
Name: Vipul Dhadda
Title: Authorized Signatory

By *_/S/ Samuel Miller_*
Name: Samuel Miller
Title: Authorized Signatory

GOLDMAN SACHS BANK USA

By */S/ Rebecca Kratz*
Name: Rebecca Kratz
Title: Authorized Signatory

[Xerox Credit Agreement Signature Page]

HSBC BANK USA, NATIONAL ASSOCIATION

By */S/ David Wagstaff*

Name: David Wagstaff

Title: Managing Director

MIZUHO BANK, LTD.

By */S/ Bertram H. Tang*

Name: Bertram H. Tang

Title: Authorized Signatory

UBS AG, STAMFORD BRANCH

By */S/ Lana Gifas*

Name: Lana Gifas

Title: Director, Banking Products Services, US

By */S/ Kenneth Chin*

Name: Kenneth Chin

Title: Director, Banking Products Services, US

LLOYDS BANK PLC

By */S/ Stephen Giacolone*

Name: Stephen Giacolone

Title: Assistant Vice President - G011

By */S/ Karen Weich*

Name: Karen Weich

Title: Vice President - W011

WELLS FARGO BANK, NATIONAL ASSOCIATION

By */S/ Tom Molitor*

Name: Tom Molitor

Title: Managing Director

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD

By *S/ Lillian Kim*

Name: Lillian Kim

Title: Director

[Xerox Credit Agreement Signature Page]

THE BANK OF NEW YORK MELLON

By *\/S/ Donald G. Cassidy, Jr.*
Name: Donald G. Cassidy, Jr.
Title: Managing Director

PNC BANK, NATIONAL ASSOCIATION

By */S/ Michael A. Richards*
Name: Michael A. Richards
Title: Senior Vice President

STATE STREET BANK AND TRUST COMPANY

By */S/ Mary H. Carey*
Name: Mary H. Carey
Title: Vice President

DANSKE BANK A/S

By */S/ Jergen Linnet*
Name: Jergen Linnet
Title: Chief Loan Manager

By */S/ Merete Ryvald-Christensen*
Name: Merete Ryvald-Christensen
Title: Chief Loan Manager

THE BANK OF NOVA SCOTIA

By */S/ Diane Emanuel*
Name: Diane Emanuel
Title: Managing Director

U.S. BANK NATIONAL ASSOCIATION

By */S/ Michael E. Temmick*
Name: Michael E. Temmick
Title: Vice President

COMERICA BANK

By /S/ *Timothy O'Rourke*

Name: Timothy O'Rourke

Title: Vice President

[Xerox Credit Agreement Signature Page]

EXHIBIT 4(c)

SCHEDULE I

COMMITMENTS

Name of Initial Lender	Revolving Credit Commitment	Letter of Credit Commitment
Bank of America, N.A.	$200,000,000	
The Bank of New York Mellon	$50,000,000	
The Bank of Nova Scotia	$50,000,000	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$124,000,000	
BNP Paribas	$200,000,000	
Citibank, N.A.	$200,000,000	$150,000,000
Comerica Bank	$25,000,000	
Credit Suisse AG, Cayman Islands Branch	$124,000,000	
Danske Bank A/S	$25,000,000	
Goldman Sachs Bank USA	$124,000,000	
HSBC Bank USA, National Association	$100,000,000	
JPMorgan Chase Bank, N.A.	$200,000,000	$150,000,000
Lloyds Bank plc	$50,000,000	
Mizuho Bank, Ltd.	$124,000,000	
PNC Bank National Association	$100,000,000	
State Street Bank and Trust Company	$30,000,000	
UBS AG, Stamford Branch	$124,000,000	
U.S. Bank National Association	$50,000,000	
Wells Fargo Bank, National Association	$100,000,000	
Total:	$2,000,000,000	$300,000,000

EXHIBIT A

FORM OF REVOLVING CREDIT PROMISSORY NOTE

U.S.$______________ Dated: _______________, 20__

FOR VALUE RECEIVED, the undersigned, [NAME OF BORROWER], a __________ [corporation] (the "Borrower"), HEREBY PROMISES TO PAY to the order of _________________________ (the "Lender") for the account of its Applicable Lending Office on the Termination Date (each as defined in the Credit Agreement referred to below) the principal sum of U.S.$[amount of the Lender's Revolving Credit Commitment in figures] or, if less, the aggregate outstanding principal amount of the Advances made by the Lender to the Borrower, pursuant to the Amended and Restated Credit Agreement dated as of March 18, 2014 among the Borrower, [Xerox Corporation], the other borrowers parties thereto, the Lender and certain other lenders parties thereto, and Citibank, N.A., as Agent for the Lender and such other lenders (as amended or modified from time to time, the " Credit Agreement"; the terms defined therein being used herein as therein defined) outstanding on the Termination Date.

The Borrower promises to pay interest on the unpaid principal amount of each Advance made by the Lender to the Borrower from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest in respect of each Advance made by the Lender to the Borrower (i) in Dollars are payable in lawful money of the United States of America to the Agent at its account maintained at 388 Greenwich Street, New York, New York 10013, in same day funds and (ii) in any Committed Currency are payable in such currency at the applicable Payment Office in same day funds. Each Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the Dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Advance being evidenced by this Promissory Note, (ii) contains provisions for determining the Dollar Equivalent of Advances denominated in Committed Currencies and (iii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

[NAME OF BORROWER]

By__
Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

EXHIBIT B

FORM OF NOTICE OF REVOLVING CREDIT BORROWING

Citibank, N.A., as Agent
for the Lenders parties
to the Credit Agreement
referred to below
1615 Brett Road, Building #3
New Castle, Delaware 19720

[Date]

Attention: Bank Loan Syndications Department

Ladies and Gentlemen:

The undersigned, [Name of Borrower], refers to the Amended and Restated Credit Agreement, dated as of March 18, 2014 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, [Xerox Corporation], the other borrowers parties thereto, certain Lenders parties thereto and Citibank, N.A., as Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is __________, 20__.

(ii) The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances] [Eurocurrency Rate Advances].

(iii) The aggregate amount of the Proposed Borrowing is $__________ [for a Borrowing in a Committed Currency, list currency and amount of Borrowing].

[(iv) The initial Interest Period for each Eurocurrency Rate Advance made as part of the Proposed Borrowing is _____ month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement (except the representations set forth in the last sentence of subsection (e) thereof and in subsection (f)(i) thereof) and, in the case of any Borrowing made to a Designated Subsidiary, in the Designation Agreement for such Designated Subsidiary, are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date (except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true on and as of such earlier date); and

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

Very truly yours,

[NAME OF BORROWER]

By__
Title:

EXHIBIT C

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between the Assignor identified in item 1 below (the " Assignor") and the Assignee identified in item 2 below (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities), and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Each such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: ______________________________

____

[Assignor [is] [is not] a Defaulting Lender]

2.Assignee: ______________________________

____

[for each Assignee, indicate [Affiliate][Approved Fund] of [*identify Lender*]

3.Borrower(s): ______________________________

4.Agent: Citibank, N.A., as the administrative agent under the Credit Agreement

5. Credit Agreement: The $2,000,000,000 Amended and Restated Credit Agreement dated as of March 18, 2014 among Xerox Corporation, the Lenders parties thereto, Citibank, N.A., as Agent, and the other agents parties thereto

6. Assigned Interest:

Assignor	Assignee	Facility Assigned[1]	Aggregate Amount of Commitment/Advances for all Lenders[2]	Amount of Commitment/Advances Assigned[s]	Percentage Assigned of Commitment/ Advances[3]	CUSIP Number
			$	$	%	
			$	$	%	
			$	$	%	

[7. Trade Date: ______________][4]

[Page break]

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[1] Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g., "Revolving Credit Commitment," "Letter of Credit Commitment," etc.)

[2] Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

[3] Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

[4] To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: _____________ ___, 20___ [TO BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By:______________________________
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By:______________________________
Title:

[Consented to and][5] Accepted:

[NAME OF AGENT], as
Agent

By: _________________________________
Title:

[Consented to:][6]

[NAME OF RELEVANT PARTY]

By: ________________________________
Title:

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5 To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

6 To be added only if the consent of the Company and/or other parties (e.g. Issuing Bank) is required by the terms of the Credit Agreement.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any collateral thereunder, (iii) the financial condition of any Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of the Credit Agreement, or (iv) the performance or observance by any Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under the Credit Agreement.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 9.07(b)(iii), (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 9.07(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01(i) thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, and (vii) if it is organized under the laws of a jurisdiction outside of the United States attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves. Notwithstanding the foregoing, the Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to the Assignee.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT D-1

FORM OF OPINION OF COUNSEL FOR THE INITIAL BORROWER

March 18, 2014

Citibank, N.A.,
as Administrative Agent
1615 Brett Road, Building #3
New Castle, DE 19720

and each Lender identified on Schedule I hereto

Re: Xerox Corporation/Amended and Restated Credit Agreement

Ladies and Gentlemen:

We have acted as special counsel to Xerox Corporation, a New York corporation (the "Company"), in connection with the preparation, execution and delivery of (a) the Amended and Restated Credit Agreement dated as of the date hereof (the "Credit Agreement"), among the Company, the lenders from time to time party thereto (the "Lenders"), Citibank, N.A., as administrative agent for the Lenders (in such capacity, the "Agent"), and Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and BNP Paribas Securities Corp., as Joint Lead Arrangers and Joint Bookrunners, and (b) certain other agreements, instruments and documents related to the Credit Agreement. This opinion is being delivered pursuant to Section 3.01(f)(iv)(A) of the Credit Agreement. Capitalized terms used herein and not otherwise defined herein shall have the same meanings herein as ascribed thereto in the Credit Agreement.

In our examination we have assumed the genuineness of all signatures including endorsements, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as facsimile, electronic, certified or photostatic copies, and the authenticity of the originals of such copies. As to any facts material to this opinion which we did not independently establish or verify, we have relied upon statements and representations of the Company and their officers and other representatives and of public officials, including the facts and conclusions set forth therein.

In rendering the opinions set forth herein, we have examined and relied on originals or copies of the following:

(a) an executed copy of the Credit Agreement;

(b) executed copies of the Notes issued to each of __________;

(c) a certificate of Rhonda L. Seegal, Vice President and Treasurer of the Company, dated the date hereof, a copy of which is attached as Exhibit A hereto (the "Opinion Certificate"); and

(d) such other documents as we have deemed necessary or appropriate as a basis for the opinions set forth below.

We express no opinion as to the laws of any jurisdiction other than (i) the Applicable Laws of the State of New York and (ii) the Applicable Laws of the United States of America (including, without limitation, Regulations U and X of the Federal Reserve Board).

"Applicable Laws" shall mean those laws, rules and regulations which, in our experience, are normally applicable to transactions of the type contemplated by the Credit Agreement, without our having made any special investigation as to the applicability of any specific law, rule or regulation, and which are not the subject of a specific opinion herein referring expressly to a particular law or laws. "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any governmental authority pursuant to the Applicable Laws of the State of New York or the Applicable Laws of the United States of America. "New York UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of New York (without regard to laws referenced in Section 9-201 thereof).

Based upon the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that:

1. The Credit Agreement and the Notes constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms under the Applicable Laws of the State of New York.

2. Neither the execution, delivery or performance by the Company of the Credit Agreement and the Notes nor the compliance by

the Company with the terms and provisions thereof will contravene any provision of any Applicable Law of the State of New York or any Applicable Law of the United States of America.

3. No Governmental Approval, which has not been obtained or taken and is not in full force and effect, is required to authorize, or is required in connection with, the execution or delivery of the Credit Agreement and the Notes by the Company or the enforceability of the Credit Agreement against the Company.

Our opinions are subject to the following assumptions and qualifications:

(a) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law);

(b) we have assumed that the Credit Agreement constitutes the valid and binding obligation of each party to the Credit Agreement (other than the Company) enforceable against each such other party in accordance with its terms;

(c) we express no opinion as to the effect on the opinions expressed herein of (i) the compliance or non-compliance of any party (other than the Company to the extent expressly set forth herein) to the Credit Agreement with any state, federal or other laws or regulations applicable to them or (ii) the legal or regulatory status or the nature of the business of any party (other than the Company to the extent expressly set forth herein);

(d) we express no opinion as to the enforceability of any rights to contribution or indemnification provided for in the Credit Agreement which are violative of the public policy underlying any law, rule or regulation (including any federal or state securities law, rule or regulation);

(e) we express no opinion with respect to any provision of the Credit Agreement to the extent it excuses the issuer of a letter of credit from liability to the extent such provision is unenforceable pursuant to Section 5-103 of the UCC;

(f) we express no opinion on the enforceability of any provision in the Credit Agreement purporting to prohibit, restrict or condition the assignment of rights under the Credit Agreement to the extent such restriction on assignability is governed by the New York UCC;

(g) we express no opinion as to the enforceability of Article VII of the Credit Agreement; and

(h) we express no opinion with respect to any provision of the Credit Agreement to the extent it authorizes or permits any purchaser of a participation interest to set-off or apply any deposit, property or indebtedness with respect to any participation interest.

In rendering the foregoing opinions, we have assumed, with your consent, that:

(a) the Company is duly organized under the laws of the State of New York;

(b) the Company is validly existing and in good standing as a corporation, under the laws of the State of New York;

(c) the Company has the corporate power and authority to execute, deliver and perform all of its obligations under the Credit Agreement and the Notes and the execution and delivery by the Company of the Credit Agreement and the Notes and the consummation by the Company of the transactions contemplated thereby have been duly authorized by all requisite corporate action on the part of the Company;

(d) the Credit Agreement and the Notes have been duly executed and delivered by the Company;

(e) the execution, delivery and performance by the Company of any of its obligations under the Credit Agreement and the Notes does not and will not conflict with, contravene, violate or constitute a default under (i) the certificate of incorporation or the by-laws of the Company; (ii) any lease, indenture, instrument or other agreement to which the Company or its property is subject, (iii) any rule, law or regulation to which the Company is subject (other than the Applicable Laws of the State of New York or Applicable Laws of the United States of America as to which we express our opinion in paragraph 3 herein) or (iv) any judicial or administrative order or decree of any governmental authority; and

(f) no authorization, consent or other approval of, notice to or filing with any court, governmental authority or regulatory body (other than Governmental Approvals as to which we express our opinion in paragraph 4 herein) is required to authorize or is required in connection with the execution, delivery or performance by the Company of the Credit Agreement or the Notes or the transactions contemplated thereby.

We understand that you are separately receiving an opinion with respect to certain of the foregoing assumptions from Don H. Liu, General Counsel of the Company, and we are advised that such opinion contain qualifications. Our opinions herein stated are based on the assumptions specified above and we express no opinion as to the effect on the opinions herein stated of the qualifications contained in such other opinions.

This opinion is being furnished only to you in connection with the Credit Agreement and is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person or entity for any purpose without our prior written consent, except that any assignee that becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement may rely on this opinion as if addressed and delivered to such assignee on the date hereof; provided that each prospective assignee or assignee of any Lender may be shown this opinion, except that such prospective assignee or assignee may not rely on this opinion unless and until such prospective assignee or assignee becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement.

Very truly yours,

SCHEDULE I

LENDERS

Citibank, N.A
JPMorgan Chase Bank, N.A
Bank of America, N.A.
BNP Paribas
Credit Suisse AG, Cayman Islands Branch
Goldman Sachs Bank USA
HSBC Bank USA, National Association
Mizuho Bank, Ltd.
UBS AG, Stamford Branch
Lloyds Bank plc
Wells Fargo Bank, National Association
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
PNC Bank, National Association
The Bank of New York Mellon
State Street Bank and Trust Company
Danske Bank A/S
The Bank of Nova Scotia
U.S. Bank National Association
Comerica Bank

EXHIBIT D-2

FORM OF OPINION OF COUNSEL OF THE COMPANY

March 18, 2014

To the Lenders and Administrative Agent parties to
the Credit Agreement
referred to below

XEROX CORPORATION

Dear Sirs:

The undersigned, an attorney-at-law admitted to practice in the State of New York, is General Counsel of Xerox Corporation, a New York corporation (the "Company"). As such I or other lawyers in the Office of General Counsel of the Company who report directly or indirectly to me ("my reports") are familiar with the proceedings taken by the Company in connection with the preparation, execution and delivery of the Credit Agreement and the Notes referred to below. This opinion is furnished to you pursuant to Section 3.01(f)(iv)(B) of the Amended and Restated Credit Agreement, dated as of the date hereof (the " Credit Agreement"), among the Company, the lenders party thereto (the "Lenders"), Citibank, N.A., as administrative agent for the Lenders (the " Administrative Agent"), and Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and BNP Paribas Securities Corp., as Joint Lead Arrangers and Joint Bookrunners. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Credit Agreement.

In rendering the opinions set forth herein, either I or my reports have examined the following:

(1)the Credit Agreement;

(2) Notes issued to each of __________;

(3) the documents relating to the Company furnished pursuant to Section 3.01(f) of the Credit Agreement, which include the following:

(i) certified copies of (y) the resolutions of the Board of Directors of the Company approving the Credit Agreement and the Notes and (z) all documents evidencing other necessary corporate or similar action and governmental approvals, if any, with respect to the Credit Agreement and the Notes; and

(ii) the Restated Certificate of Incorporation and the By-laws of the Company, each as amended to the date hereof (the "Charter" and the "By-Laws", respectively); and

(4) such other documents, agreements and instruments, and such laws, rules, regulations, orders, decrees, writs, judgments, awards, injunctions, and the like, as I have deemed necessary as a basis for the opinions hereinafter expressed.

In the foregoing examination of the documents referred to above, I and my reports have assumed the authenticity of all such documents submitted to us as originals, the genuineness of all signatures (other than signatures of the Company), and the conformity to the originals of such documents submitted to us as copies. I have relied, as to factual matters, on the documents I and my reports have examined. I also have assumed that each of the lenders, the Agent and the other parties thereto (other than the Company) has duly executed and delivered, pursuant to due authorization, the Credit Agreement.

Based upon the foregoing, it is my opinion that:

(i)The Company is duly organized, validly existing and in good standing under the laws of the State of New York.

(ii)The Company has corporate power and authority to execute, deliver and perform the Credit Agreement and the Notes and the consummation by the Company of the transactions contemplated thereby have been duly authorized by all requisite corporate or similar action on the part of the Company.

(iii)The Credit Agreement and the Notes have been duly executed and delivered by the Company.

(iv)There is no pending or, to my knowledge, threatened action, suit, investigation, litigation or proceeding affecting the Company or any of its Subsidiaries before any court, governmental agency or arbitrator that purports to affect the legality, validity or enforceability of the Credit Agreement or any Note or the consummation of the transactions contemplated thereby.

(v)The due authorization, execution or delivery by the Company of the Credit Agreement and the Notes, the performance by the Company of its obligations thereunder, the consummation of the transactions contemplated by the Credit Agreement and the Notes and the fulfillment of the terms of the Credit Agreement and each of the Notes will not conflict with, result in a breach of, or constitute a default under the Charter or By-Laws of the Company or the terms of any indenture or other material agreement or instrument to which the Company or any of the Company's subsidiaries is a party or bound, or any order, decree, judgment or regulation (other than any federal or state securities or blue sky laws, rules or regulations) known to me to be generally applicable to the Company or any of the Company's subsidiaries of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over the Company or any of the Company's subsidiaries.

My opinions are subject to the following qualifications:

(a) I am qualified to practice law in the State of New York. The opinions expressed herein are limited to the law of the State of New York and the Federal law of the United States.

(b) The opinions expressed herein are given as of the date hereof and I undertake no obligation and hereby disclaim any obligation to advise you of any change after the date of this opinion pertaining to any matter referred to herein.

This opinion is being furnished only to you in connection with the Credit Agreement and the Notes and is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person or entity for any purpose without my prior written consent, except that any assignee who becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement may rely on this opinion as if addressed and delivered to such assignee on the date hereof; provided that each prospective assignee or assignee of any Lender may be shown this opinion, except that such prospective assignee or assignee may not rely on this opinion unless and until such prospective assignee or assignee becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement.

Very truly yours,

Don H. Liu
General Counsel

EXHIBIT D-3

FORM OF OPINION OF COUNSEL FOR DESIGNATED SUBSIDIARY

[Date]

To each of the Lenders and Agent parties to
to the Credit Agreement
referred to below

Xerox Corporation

Ladies and Gentlemen:

This opinion is furnished to you pursuant to Section 3.02(f) of the Amended and Restated Credit Agreement dated as of March 18, 2014 (the "Credit Agreement"), among Xerox Corporation, a New York corporation (the "Company"), the lenders party thereto, Citibank N.A., as Agent, and Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and BNP Paribas Securities Corp., as Joint Lead Arrangers and Joint Bookrunners. Terms defined in the Credit Agreement are used herein as therein defined.

We have acted as counsel for [__________________], a [corporation] organized under the laws of [______] (the "Designated Subsidiary") in connection with the preparation, execution and delivery of the Designation Agreement dated as of [this date] between the Company and the Designated Subsidiary (the " Designation Agreement").

In that connection, we have examined:

(1) the Designation Agreement;

(2) the Credit Agreement;

(3) the revolving notes (the "Notes") of the Designated Subsidiary contemplated by the Credit Agreement and delivered on the date hereof;

(4) [the [Articles] [Certificate] of Incorporation of the Designated Subsidiary and all amendments thereto (the " Charter")];

(5) [the by-laws and all amendments thereto (the "By-laws")] and the resolutions of the [Board of Directors] of the Designated Subsidiary dated [Date], in each case, as amended and in effect as of this date];

(6) [a certificate of the Secretary of State of _________, dated ______________, 2014, attesting to the continued corporate existence and good standing of the Designated Subsidiary in that State]; and

(7) such other documents, agreements and instruments, and such laws, rules, regulations, orders, decrees, writs, judgments, awards, injunctions, and the like, as we have deemed necessary as a basis for the opinions hereinafter expressed.

We have also examined the originals, or copies certified to our satisfaction, of the documents listed in a certificate of the chief financial officer of the Designated Subsidiary, dated the date hereof (the "Certificate"), certifying that the documents listed in such certificate are all of the indentures, loan or credit agreements, guarantees, mortgages, security agreements, bonds, notes and other material agreements or instruments, and all of the orders, writs, judgments, awards, injunctions and decrees, that affect or purport to affect the Designated Subsidiary's right to borrow money or the Designated Subsidiary's obligations under the Designation Agreement, the Credit Agreement or the Notes. In our examination we have assumed the genuineness of all signatures including endorsements, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as facsimile, electronic, certified or photostatic copies, and the authenticity of the originals of such copies. As to questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon statements and representations of the Designated Subsidiary or its officers or of public officials. We have assumed the due execution and delivery, pursuant to due authorization, of the Credit Agreement by the Initial Lenders and the Agent.

Our opinions expressed below are limited to the laws of [the State of [New York], the General Corporation Law of the State of [__________] and the Federal law of the United States] / [Country].

Based upon the foregoing and upon such investigation as we have deemed necessary, we are of the following opinion:

1 The Designated Subsidiary is a [corporation] duly organized, validly existing and in good standing under the laws of [__________].

2 The execution, delivery and performance by the Designated Subsidiary of the Designation Agreement, and the consummation of the transactions contemplated by the Designation Agreement, the Credit Agreement and the Notes, are within the Designated Subsidiary's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the [Charter or the By-laws] or (ii) any law, rule or regulation applicable to the Designated Subsidiary [(including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System)] or (iii) any contractual or legal restriction contained in any document listed in the Certificate or, to our knowledge, contained in any other similar document. The Designation Agreement has been duly executed and delivered on behalf of the Designated Subsidiary.

3 [No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Designated Subsidiary of the Designation Agreement, and the consummation of the transactions contemplated by the Designation Agreement, the Credit Agreement and the Notes.] / [No authorization or approval or other action by, and no notice to or filing with, any [Country] governmental authority or [Country] regulatory body or any third party is required for (a) the due execution, delivery, recordation, filing or performance by the Designated Subsidiary of the Designation Agreement, and the consummation of the transactions contemplated by the Designation Agreement, the Credit Agreement and the Notes, except for the authorizations, approvals, actions, notices and filings that have been duly obtained, taken, given or made and are in full force and effect, or (b) the exercise by the Agent, any Lender or the Issuing Bank of its rights under the Designation Agreement, the Credit Agreement and the Notes.]

4 The Designation Agreement and the Credit Agreement are, and after giving effect to the initial Borrowing, the Notes will be, legal, valid and binding obligations of the Designated Subsidiary enforceable against the Designated Subsidiary in accordance with their respective terms.

5 There are no pending or, to our knowledge, threatened actions or proceedings against the Designated Subsidiary or any of its Subsidiaries before any court, governmental agency or arbitrator that that purports to affect the legality, validity or enforceability of the Designation Agreement, the Credit Agreement or any Note or the consummation of the transactions contemplated thereby.

6 [The governing law provisions of the Designation Agreement, the Credit Agreement or any Note (which provide that such Designation Agreement, Credit Agreement or Notes shall be governed by the laws of the State of New York) are valid under the laws of [Country]. In any action or proceeding arising out of or relating to the Designation Agreement, the Credit Agreement or the Notes in any court of [Country], such court would recognize and give effect to the provisions of the Designation Agreement and Section 9.10 of the Credit Agreement wherein the parties thereto agree that the Designation Agreement, the Credit Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.][7]

7 [Assuming that the Designation Agreement, the Credit Agreement or any Note is the legal, valid and binding obligation of the Designated Subsidiary, enforceable against the Designated Subsidiary in accordance with its terms under the laws of the State of New York which expressly govern the Designation Agreement, the Credit Agreement or any Note, the Designation Agreement, the Credit Agreement or any Note is the legal, valid and binding obligation of the Designated Subsidiary enforceable against the Designated Subsidiary in accordance with its terms under the laws of [Country].]

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[7] Paragraphs 6 through 9 to be used if the Designated Subsidiary is a Foreign Subsidiary. Subject to appropriate qualifications reasonably acceptable to the Agent, depending on the jurisdiction of the Foreign Subsidiary.

8 [None of the terms of the Designation Agreement, the Credit Agreement or any Note violates an important public policy of [Country].]

9 [A judgment obtained from any federal or state court of the United States in respect of any of the Designation Agreement, the Credit Agreement or any Note would be enforceable without reconsideration on the merits in the courts of [Country].]

The opinions set forth above are subject to the following assumptions and qualifications:

(a) Our opinion in paragraph 4 above[8] as to enforceability is subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar law affecting creditors' rights generally.

(b) Our opinion in paragraph 4 above[3] as to enforceability is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(c) We express no opinion as to (i) Section 2.14 of the Credit Agreement insofar as it provides that any Lender purchasing a participation from another Lender pursuant thereto may exercise set-off or similar rights with respect to such participation and (ii) the effect of the law of any jurisdiction other than [____________] wherein any Lender may be located or wherein enforcement of the Designation Agreement, the Credit Agreement or the Notes may be sought that limits the rates of interest legally chargeable or collectible.

(d) [Other assumptions and qualifications reasonably acceptable to the Agent to be added.]

This opinion is being furnished only to you in connection with the Credit Agreement and is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person or entity for any purpose without our prior written consent, except that any assignee that becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement may rely on this opinion as if addressed and delivered to such assignee on the date hereof; provided that each prospective assignee or assignee of any Lender may be shown this opinion, except that such prospective assignee or assignee may not rely on this opinion unless and until such prospective assignee or assignee becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement.

Very truly yours,

[8] If paragraph 7 is used, this should be modified to refer to “paragraph 7 above”.

EXHIBIT E

FORM OF COMMITMENT INCREASE OPINION

[Date]

To the Lenders and Agent parties to
the Credit Agreement
referred to below

XEROX CORPORATION

Dear Sirs:

The undersigned, an attorney-at-law admitted to practice in the State of New York, is [General Counsel] of Xerox Corporation, a New York corporation (the "Company"). As such I or other lawyers in the Office of General Counsel of the Company who report directly or indirectly to me ("my reports") are familiar with the proceedings taken by the Company in connection with the preparation, execution and delivery of the Credit Agreement and the Notes referred to below. This opinion is furnished to you pursuant to Section 2.18(d)(i) of the Amended and Restated Credit Agreement, dated as of March 18, 2014 (the "Credit Agreement"), among the Company, the lenders party thereto, Citibank, N.A., as Agent, and Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and BNP Paribas Securities Corp., as Joint Lead Arrangers and Joint Bookrunners. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Credit Agreement.

In rendering the opinions set forth herein, either I or my reports have examined the following:

(1) the Credit Agreement;

(2) Notes issued to each of __________;

(3) the corporate documents relating to the Company, which include the following:

(i) certified copies of (y) the resolutions of the Board of Directors of the Company approving the Credit Agreement and the Notes and (z) all documents evidencing other necessary corporate or similar action and governmental approvals, if any, with respect to the Credit Agreement and the Notes; and

(ii) a certificate of the Secretary or Assistant Secretary of the Company, certifying the names and true signatures of the officers of the Company authorized to sign the Credit Agreement, the Notes and the other documents to be delivered by the Company thereunder; and

(iii) the Restated Certificate of Incorporation and the By-laws of the Company, each as amended to the date hereof (the "Charter" and the "By-Laws", respectively); and

(4) such other documents, agreements and instruments, and such laws, rules, regulations, orders, decrees, writs, judgments, awards, injunctions, and the like, as I have deemed necessary as a basis for the opinions hereinafter expressed.

In the foregoing examination of the documents referred to above, I and my reports have assumed the authenticity of all such documents submitted to us as originals, the genuineness of all signatures (other than signatures of the Company), and the conformity to the originals of such documents submitted to us as copies. I have relied, as to factual matters, on the documents I and my reports have examined. I also have assumed that each of the lenders, the Agent and the other parties thereto (other than the Company) has duly executed and delivered, pursuant to due authorization, the Credit Agreement.

Based upon the foregoing, it is my opinion that:

(i)The Company is duly organized, validly existing and in good standing under the laws of the State of New York.

(ii)The Company has corporate power and authority to execute, deliver and perform the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes and the consummation by the Company of the transactions contemplated thereby have been duly authorized by all requisite corporate or similar action on the part of the Company.

(iii)The Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes have been duly executed and delivered by the Company.

(iv)The Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes constitute the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms under the laws of the State of New York.

(v)There is no pending or, to my knowledge, threatened action, suit, investigation, litigation or proceeding affecting the Company or any of its Subsidiaries before any court, governmental agency or arbitrator that purports to affect the legality, validity or enforceability of the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) or any Note or the consummation of the transactions contemplated thereby.

(vi)The due authorization, execution or delivery by the Company of the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes, the performance by the Company of its obligations thereunder, the consummation of the transactions contemplated by the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and the Notes and the fulfillment of the terms of the Credit Agreement (after giving effect to the Commitment Increase as of the Increase Date) and each of the Notes will not conflict with, result in a breach of, or constitute a default under the Charter or By-Laws of the Company or the terms of any indenture or other material agreement or instrument to which the Company or any of the Company's subsidiaries is a party or bound, or any order, decree, judgment or regulation (other than any federal or state securities or blue sky laws, rules or regulations) known to me to be generally applicable to the Company or any of the Company's subsidiaries of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over the Company or any of the Company's subsidiaries.

My opinions are subject to the following qualifications:

(a) I am qualified to practice law in the State of New York. The opinions expressed herein are limited to the law of the State of New York and the Federal law of the United States.

(b) The opinions expressed herein are given as of the date hereof and I undertake no obligation and hereby disclaim any obligation to advise you of any change after the date of this opinion pertaining to any matter referred to herein.

(c) [Other assumptions and qualifications reasonably acceptable to the Agent to be added.]

This opinion is being furnished only to you in connection with the Credit Agreement and the Notes and is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person or entity for any purpose without my prior written consent, except that any assignee who becomes a Lender in accordance with the provisions of Section 9.07 of the Credit Agreement may rely on this opinion as if addressed and delivered to such assignee on the date hereof.

Very truly yours,

EXHIBIT F

FORM OF DESIGNATION AGREEMENT

[DATE]

To each of the Lenders
parties to the Credit Agreement
(as defined below) and to Citibank, N.A.,
as Agent for such Lenders

Ladies and Gentlemen:

Reference is made to the Amended and Restated Credit Agreement dated as of March 18, 2014 (as amended or modified from time to time, the "Credit Agreement") among Xerox Corporation, a New York corporation (the "Company"), the other borrowers parties thereto, the Lenders (as defined in the Credit Agreement) and Citibank, N.A., as agent for the Lenders (the " Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

Please be advised that the Company hereby designates its undersigned Subsidiary, ____________ (" Designated Subsidiary"), as a "Designated Subsidiary" under and for all purposes of the Credit Agreement.

The Designated Subsidiary, in consideration of each Lender's agreement to extend credit to it under and on the terms and conditions set forth in the Credit Agreement, does hereby assume each of the obligations imposed upon a "Designated Subsidiary" and a "Borrower" under the Credit Agreement and agrees to be bound by the terms and conditions of the Credit Agreement. In furtherance of the foregoing, the Designated Subsidiary hereby represents and warrants to each Lender as follows:

(a) The Designated Subsidiary is a corporation duly organized, validly existing and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the laws of ______________________.

(b) The execution, delivery and performance by the Designated Subsidiary of this Designation Agreement, the Credit Agreement and the Notes to be delivered by it are within the Designated Subsidiary's corporate or other powers, have been duly authorized by all necessary corporate or other action and do not contravene (i) the Designated Subsidiary's organizational documents or by-laws (ii) any law applicable to the Designated Subsidiary or (iii) any indenture or other agreement governing Debt or other material agreement or other instrument binding upon the Designated Subsidiary, any of its Subsidiaries or any of their properties, or give rise to a right thereunder to require the Designated Subsidiary or any of its Subsidiaries to make any payment therefor. The

Designation Agreement and the Notes delivered by it have been duly executed and delivered on behalf of the Designated Subsidiary.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any third party is required for the due execution, delivery and performance by the Designated Subsidiary of this Designation Agreement, the Credit Agreement or the Notes to be delivered by it, except as have been obtained or made and are in full force and effect or where the failure to obtain the same would not have a Material Adverse Effect.

(d) This Designation Agreement is, and the Notes to be delivered by the Designated Subsidiary when delivered will be, legal, valid and binding obligations of the Designated Subsidiary enforceable against the Designated Subsidiary in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(e) There is no pending or threatened action, suit, investigation or proceeding affecting the Designated Subsidiary or any of its Subsidiaries before any court, governmental agency or arbitrator that purports to affect the legality, validity or enforceability of this Designation Agreement, the Credit Agreement or any Note of the Designated Subsidiary.

The Designated Subsidiary hereby agrees that service of process in any action or proceeding brought in any New York State court or in federal court may be made upon the Company at its offices at ___________, Attention: __________ (the " Process Agent") and the Designated Subsidiary hereby irrevocably appoints the Process Agent to give any notice of any such service of process, and agrees that the failure of the Process Agent to give any notice of any such service shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon.

The Company hereby accepts such appointment as Process Agent and agrees with you that (i) the Company will maintain an office in Connecticut through the Termination Date and will give the Agent prompt notice of any change of address of the Company, (ii) the Company will perform its duties as Process Agent to receive on behalf of the Designated Subsidiary and its property service of copies of the summons and complaint and any other process which may be served in any action or proceeding in any New York State or federal court sitting in New York City arising out of or relating to the Credit Agreement and (iii) the Company will forward forthwith to the Designated Subsidiary at its address at ___________________ or, if different, its then current address, copies of any summons, complaint and other process which the Company received in connection with its appointment as Process Agent.

This Designation Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

XEROX CORPORATION

By __________________________
Name:
Title:

[THE DESIGNATED SUBSIDIARY]

By__________________________
Name:
Title:

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges, the ratio of earnings to combined fixed charges and preferred stock dividends, as well as any deficiency of earnings are determined using the following applicable factors:

Earnings available for fixed charges are calculated first, by determining the sum of: (a) income from continuing operations before income taxes and equity income; (b) distributed equity income; (c) fixed charges, as defined below; and (d) amortization of capitalized interest, if any. From this total, we subtract capitalized interest and net income attributable to noncontrolling interests.

Fixed charges are calculated as the sum of: (a) interest costs (both expensed and capitalized); (b) amortization of debt expense and discount or premium relating to any indebtedness; and (c) that portion of rental expense that is representative of the interest factor.

Preferred stock dividends used in the ratio of earnings to combined fixed charges and preferred stock dividends consist of the amount of pre-tax earnings required to cover dividends paid on our Series A convertible preferred stock.

	Three Months Ended March 31,	
(in millions)	2014	2013
Fixed Charges:		
Interest expense	$ 100	$ 104
Capitalized interest	1	2
Portion of rental expense which represents interest factor	66	56
Total Fixed Charges	$ 167	$ 162
Earnings Available for Fixed Charges:		
Pre-tax income	$ 291	$ 300
Add: Distributed equity income of affiliated companies	—	—
Add: Fixed charges	167	162
Less: Capitalized interest	(1)	(2)
Less: Net income-noncontrolling interests	(5)	(4)
Total Earnings Available for Fixed Charges	$ 452	$ 456
Ratio of Earnings to Fixed Charges	2.71	2.81
Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends:		
Fixed Charges:		
Interest expense	$ 100	$ 104
Capitalized interest	1	2
Portion of rental expense which represents interest factor	66	56
Total Fixed Charges before preferred stock dividends pre-tax income requirements	167	162
Preferred stock dividends pre-tax income requirements	10	10
Total Combined Fixed Charges and Preferred Stock Dividends	$ 177	$ 172
Earnings Available for Fixed Charges:		
Pre-tax income	$ 291	$ 300
Add: Distributed equity income of affiliated companies	—	—
Add: Fixed charges before preferred stock dividends	167	162
Less: Capitalized interest	(1)	(2)
Less: Net income-noncontrolling interests	(5)	(4)
Total Earnings Available for Fixed Charges and Preferred Stock Dividends	$ 452	$ 456
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends	2.55	2.65

Note: *The ratios for the three months ended March 31, 2013 have been restated to reflect the disposal of the North American and Western European Paper businesses, which we began to report as Discontinued Operations in 2013. Refer to Note 5 - Acquisitions and Divestitures in the Condensed Consolidated Financial Statements for additional information regarding Discontinued Operations.*

EXHIBIT 31(a)

CEO CERTIFICATIONS

I, Ursula M. Burns, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 1, 2014

/S/ URSULA M. BURNS

Ursula M. Burns
Principal Executive Officer

EXHIBIT 31(b)

CFO CERTIFICATIONS

I, Kathryn A. Mikells, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 1, 2014

/S/ KATHRYN A. MIKELLS

Kathryn A. Mikells
Principal Financial Officer

EXHIBIT 32

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q of Xerox Corporation, a New York corporation (the "Company"), for the quarter ending March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ursula M. Burns, Chairman of the Board and Chief Executive Officer of the Company, and Kathryn A. Mikells, Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ URSULA M. BURNS

Ursula M. Burns
Chief Executive Officer

May 1, 2014

/S/ KATHRYN A. MIKELLS

Kathryn A. Mikells
Chief Financial Officer

May 1, 2014

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Xerox Corporation and will be retained by Xerox Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

2013
Annual
Report

The Next 75

Xerox is one of only 5 companies named an EPA Corporate Leader

Xerox has 119,000 customer facing employees

Xerox has been named one of the top IT innovators on this year's Information Week 500

Xerox is awarded about 23 patents per week

Xerox has been on Ethisphere Institute's Most Ethical Company list seven years running

Xerox IT mega-centers process over 57K million instructions per second

xerox ®

In 2013, Xerox marked 75 years of xerography and of revolutionizing how the world works and shares information. To honor our past and look to the future, we put together a celebratory collection of Xerox firsts, breakthroughs and advancements that help make the world work better. We call them "75 things you might not know about Xerox" and we're featuring them throughout this annual report.

Over 12,000 Xerox people participated in 2012 Xerox Community Involvement Programs

Xerox ColorQube devices work like a charm even in the world's driest desert

Xerox naturally invented two-sided copying in 1970

A subsidiary of Xerox provided solar power generators for the Mariner-C spacecraft to Mars

The 914 copier came equipped with its own fire extinguisher referred to as a scorch eliminator

Inside

Financial Highlights

(in millions, except EPS)	2013	2012
Total revenue	$21,435	$21,737
Equipment sales	3,359	3,476
Annuity revenue	18,076	18,261
Net income from continuing operations – Xerox	1,185	1,184
Adjusted net income* – Xerox	1,390	1,387
Diluted earnings per share from continuing operations	0.93	0.87
Adjusted earnings per share*	1.09	1.02
Net cash provided by operating activities	2,375	2,580
Adjusted operating margin*	8.9 %	9.5 %

*See Non-GAAP Measures on page 9 for the reconciliation of the difference between this financial measure that is not in compliance with Generally Accepted Accounting Principles (GAAP) and the most directly comparable financial measure calculated in accordance with GAAP.

Note: 2012 has been restated to reflect the 2013 disposition of our North American (Canada and U.S.) and Western European Paper business as Discontinued Operations.

Letter to Shareholders

Ursula M. Burns
Chairman and Chief Executive Officer

Fellow Shareholders,

At Xerox, we're here to help our customers be more successful by harnessing the potential of services and technologies for the promise of a better world. That's a grand statement. Let me explain. We take very complex business processes and challenges, create solutions and make them appear simple to the people who need them. We use innovation smartly and strategically to help the world tackle some daunting and complex tasks.

It's a noble mission and part of the Xerox heritage. It may surprise you to know that the man who invented xerography 75 years ago had the same objective.

In 1938, a patent attorney named Chester Carlson created an easier way to duplicate information on paper. After spending countless hours in the New York Public Library hand-writing copies of materials he needed, he was determined to find a way "to make office work a little more productive and a little less tedious." His invention, later named xerography, gave birth to Xerox and revolutionized how information is shared, ultimately simplifying how office work gets done.

Seventy-five years later, Chester's vision lives on in every aspect of today's Xerox and has led us on a journey to innovate ways to simplify complex and tedious work.

To that end, today's Xerox provides not only the world-class document technology you would expect, but also a deep and broad array of business process, document and information technology outsourcing services you might not expect.

As we expand further into business services, chances are very good that Xerox is touching your life every day. If you drive toll roads or park in municipal parking, we probably handle the transaction. If you apply for a mortgage or call for help with your mobile device or file a medical claim or pay bills, we probably handle those transactions, too. That's because we work behind the scenes – in both the public and private sector – to make sure things work smoothly in hundreds of different ways.

And, as remarkable as our evolution has been, there is so much more that we will do in the future for our customers, shareholders, employees and communities around the world. At Xerox, there's inspiration and innovation around every corner, and we're on a mission to move it forward another 75 years.

Results in 2013

For Xerox, 2013 was another year of steady progress – a year in which we continued to evolve our business model, improve operational efficiency, invest in growth and win in the global marketplace. All while delivering value to you.

Here's a summary of how we performed:

- Net income of $1.2 billion; adjusted net income of $1.4 billion.[1]
- GAAP earnings per share from continuing operations of 93 cents.
- Adjusted earnings per share of $1.09, which compares to $1.02[1] in 2012.
- Total revenue of $21.4 billion, down 1 percent or 2 percent in constant currency[1] from 2012.
  - Total Services revenue of $11.9 billion, up 3 percent.
  - Total Document Technology revenue of $8.9 billion, down 6 percent.
- Operating margin of 8.9 percent.[1]
- Operating cash flow of $2.4 billion.

At the same time, we continued to take steps to build shareholder value. In 2013, we returned nearly $1 billion to you through $700 million of share repurchases and almost $300 million in dividends. Last year we increased our common stock dividend by 35 percent and just recently announced another 9 percent increase starting in April 2014.

Nonetheless, our results were impacted by the effect of lower revenues and operating margins stemming from challenges in several of our businesses and a sluggish world economy. We are tackling these obstacles head on and we are confident our profit improvement plans will position us for long-term growth.

Differentiating and delivering

The numbers don't tell the entire story. In 2013, we took aggressive action to boost future profitability and we made some critical strategic bets that are differentiating Xerox in the marketplace and increasing the value we bring to our customers.

> "For Xerox, 2013 was another year of steady progress – a year in which we continued to evolve our business model, improve operational efficiency, invest in growth and win in the global marketplace."

Here's a snapshot of the progress we made:

New clients, new markets. Xerox is known for world-class innovation and service. Our investments in innovation have generated new services and products and have led us to engage with new clients and new markets around the globe. We have invested in those businesses that are aligned with our core strengths and market opportunities like transportation, healthcare, education, graphic communications and customer care.

In doing so, we successfully supported the launch of new health insurance exchanges in a half dozen states, helping them comply with the U.S. Affordable Care Act. We simplified services in government healthcare with Enterprise, our next generation Medicaid Management Information System, which helps states manage their Medicaid programs and prevent fraud and abuse. And, we rolled out smart parking solutions in Malaysia and Texas, as well as our real-time analytics-based technology – Merge® – that addresses parking challenges in car-centric cities like Los Angeles.

The Xerox Green World Alliance recycle program for imaging supplies operates in over 35 countries

Xerox has worked with LA to develop innovative solutions to improve parking and transportation

In 2013 the Xerox Foundation invested $13.5 million in over 2600 non-profit organizations

Xerox services touches 2 out of every 3 insured lives in the U.S.

Gartner IDC & Forrester have ranked Xerox in the top tier of Managed Print Services vendors worldwide

We launched our next generation managed print services, paving the way for future growth with new workflow and digital automation for today's connected world. Our managed print services have been awarded highest honors for global market leadership by industry analyst firms, a distinction that validates the strength of our document outsourcing business.

"Our shift to a Services-led company is ongoing and requires us to constantly enhance our offerings and deliver unique solutions to our customers."

And, we saw investments in Europe begin to yield benefits with growth in our European Services business. We will keep up the pace in Europe and build on investments we have made in Asia to grow our Services business there.

In addition, key metrics are trending well: in Services, total contract signings were up 21 percent for the full year; new business signings were up 5 percent; the contract renewal rate in our business process and IT outsourcing businesses was 92 percent; and in Document Technology, we had good product install growth in key segments and retained our leadership in worldwide market share.

Our shift to a Services-led company is ongoing and requires us to constantly enhance our offerings and deliver unique solutions to our customers. In 2014, we will continue to invest in growing vertical markets and in expanding internationally so that we can extend our reach to more customers around the world.

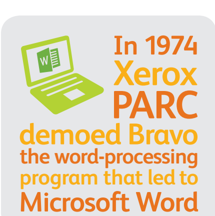
Targeted acquisitions, strategic partnerships. During 2013, we added to our capabilities through acquisitions and partnerships, something we'll continue to expand in 2014.

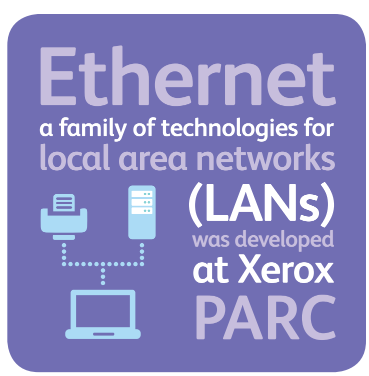
In Services, we made our portfolio stronger by adding service offerings in areas that complement our strengths, such as e-learning solutions for pharmacists, cloud-based finance and accounting services, and software that simplifies pension administration. In our Document Technology business we acquired Impika to advance our presence in the high-growth production inkjet segment and added distribution capacity in the U.S. And we're off to a fast start in 2014 with the acquisition of the European customer care services company, Invoco, and a healthy pipeline of other potential deals.

We also partnered with technology companies like HCL and Cognizant to deliver best-in-class expertise in engineering and software development.

World-class products, revolutionary innovation. To further support the customer experience, we continued to develop and deploy relevant products in 2013, like our multifunction printers enabled with ConnectKey® technology, which have seen sales of more than 200,000 units so far. We also had our best year ever for sales of our iGen® family of production color printers – including a mega-win with one of the world leaders in personalized photo products and services.

We are benefiting from innovation as we have shifted our investments to reflect today's Xerox. We are stretching the boundaries of what is possible in digital printing of course, but we're also creating agile business processes, transforming data into decisions, making personalization pervasive and enabling the sustainable and mobile enterprise. We have hundreds of scientists, engineers and researchers around the world, not only making our current offerings better, but also working closely with clients to identify problems and find simple ways to solve them.





As a proof point, last year, Xerox was awarded 1,168 U.S. patents. We hold about 12,100 active U.S. patents and, together with our research partner Fuji Xerox, we continue to invest over $1 billion a year in research and development.

Big data, powerful analytics. As the amount and types of data continue to grow exponentially, so too does the potential to revolutionize the decision-making process. We are using the power of analytics to extract value from proprietary data and transfer that value to clients. In doing so, we are delivering real answers to today's pressing issues.

In 2013, we made significant strides in enhancing our use of data and analytics for customer care and education. For example, we are providing our customer care agents with innovative call center technology to give them easier access to information to address customer needs more efficiently. And, with our Ignite™ software, which electronically grades exams and produces analytic feedback to improve learning, we are allowing teachers to customize education based on a student's progress.

"We are focused on creating services and technologies that reduce the impact on the environment and showcase sustainable innovation."

Good business, good citizenship. More than ever, our story involves the commitment to innovate for a better world. We are focused on creating services and technologies that reduce the impact on the environment and showcase sustainable innovation. We are committed to helping improve working conditions across the industry's supply chain. And we continue to invest in our communities through initiatives like our Community Involvement Program and the Xerox Foundation.

In 2013, we were named one of the world's most ethical companies by *Ethisphere Magazine*; one of the best technology stocks by CRN.com; No. 3 in *FORTUNE* magazine's most admired companies in the computer industry; one of the top IT innovators by *InformationWeek 500*; and the U.S. Environmental Protection Agency and others recognized Xerox for our work on climate change.

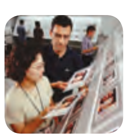
I'm grateful that we are being noticed for our contributions, but our work in corporate responsibility and global citizenship is never-ending. There is always more to do.

Higher value, solid returns. We implemented a number of cost management and productivity improvement initiatives across the business in 2013. The good news is they enabled us to hold our expenses down while we made additional investments to better serve our customers, increase our competitiveness and put us on solid footing as we enter 2014.

In Services, we are well under way in implementing a five-plank strategy that includes not only cost initiatives but also active portfolio management to drive growth and direct investments toward our higher-margin, more differentiated offerings. We expect successful implementation of our five-plank strategy will result in higher revenue growth, margin expansion and a healthy cash flow driven by our recurring revenue business model and increased competitiveness.

Our Document Technology business is performing well with stabilized revenue declines, a strong market position and good profitability and cash flow. We will continue to nurture this resilient business in ways that maintain market leadership while boosting our bottom line.

Xerox serves clients in 160 countries

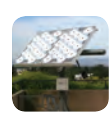


The Xerox 914 was featured in an episode of Mad Men

The first live band on the Internet featured a PARC scientist and later opened for the Rolling Stones

Xerox has more than 5,000 virtual employees performing a wide range of functions

Each year Xerox processes over $420 billion in payables and $190 billion in receivables



Xerox is the sole supplier & trainer for printing & copying gear aboard U.S. Navy vessels

Building on 75 years of innovation

As I think about what's ahead, I'm incredibly optimistic about what Xerox will deliver. Consider this: when xerography was invented, little did we know that the underlying reason for that very first image would drive 75 years of innovation, business process simplification and sustained success for our company.

The core of our story is based on the premise that we live in an age when technology is producing transformative change, enabling businesses big and small to accomplish more than could have been dreamed possible decades ago. At Xerox, we are in a strong position to capitalize on market opportunities and deliver on our commitment to create value for all our stakeholders.

Here's why:

- Our Services business serves as a beacon for our path forward;
- our Document Technology business is the fuel that allows growth;
- our culture of innovation permits us to think big;
- we are committed to delivering earnings expansion; and
- we are managing our cash in a way that's building value for you for years to come.

Chester Carlson was on to something 75 years ago. And, today at Xerox, we continue to believe our purpose is to simplify how work gets done. When we do just that in smart, innovative ways, we'll help the world work a little better… for the next 75 years.

This is a journey we're committed to. Thank you for your continued support.

Ursula M. Burns

Ursula M. Burns
Chairman and Chief Executive Officer

The Brother Dominic ad for the Xerox 9200 is one of the most famous commercials of all time

Xerox was the 1st to deploy mobile faxes using cell phones in 1985

Xerox supports over 100 languages for our communication & marketing services

Top Xerox scientists show science experiments to elementary school students throughout the year

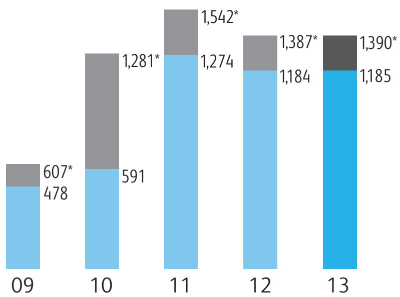
School buses are safer thanks to our CrossSafe camera system

[1] We have discussed our results using non-GAAP measures. 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. 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 on page 9.

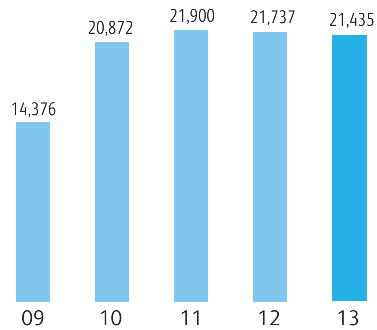
Learning@Xerox has over 750,000 educational offerings
Xerox provides services to more than 1,700 federal state & local governments in the U.S. alone
As an EPA Energy Star Charter Partner Xerox developed certification criteria for office equipment
The Xerox Research Centre of Canada developed laser fingerprint detection in 1976
Our health studies on toner have been in place for over 30 years making Xerox the world's expert

Financial Measures

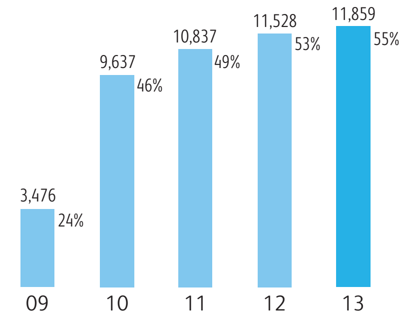
Net Income from Continuing Operations – Xerox
(in millions)



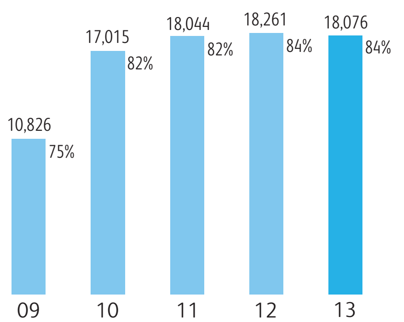
Total Revenue
(in millions)



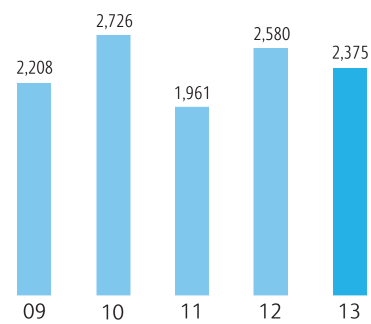
Total Services Segment Revenue
(in millions – percent of total revenue)



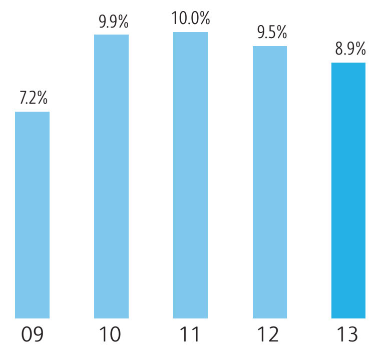
Annuity Revenue
(in millions – percent of total revenue)



Net Cash from Operating Activities
(in millions)

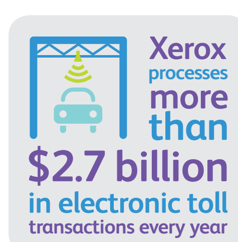


Adjusted Operating Margin*



* See Non-GAAP Measures on page 9 for the reconciliation of the difference between this financial measure that is not in compliance with Generally Accepted Accounting Principles (GAAP) and the most directly comparable financial measure calculated in accordance with GAAP.

Note: 2009 through 2012 have been restated to reflect the 2013 disposition of our North American (Canada and U.S.) and Western European Paper business as Discontinued Operations.



Non-GAAP Measures

Adjusted Earnings Per Share (EPS)

	2013		2012		2011	2010	2009
(in millions; except per share amounts)	Net Income	EPS	Net Income	EPS	Net Income	Net Income	Net Income
As Reported[1]	**$ 1,185**	**$ 0.93**	**$ 1,184**	**$ 0.87**	**$ 1,274**	**$ 591**	**$ 478**
Adjustments:							
Amortization of intangible assets	205	0.16	203	0.15	248	194	38
Loss on early extinguishment of debt	–	–	–	–	20	10	–
Xerox and Fuji Xerox restructuring charge	–	–	–	–	–	355	41
ACS acquisition-related costs	–	–	–	–	–	58	49
ACS shareholders' litigation settlement	–	–	–	–	–	36	–
Venezuela devaluation costs	–	–	–	–	–	21	–
Medicare subsidy tax law change	–	–	–	–	–	16	–
	205	0.16	203	0.15	268	690	128
Adjusted	**$ 1,390**	**$ 1.09**	**$ 1,387**	**$ 1.02**	**$ 1,542**	**$ 1,281**	**$ 606**
Weighted average shares for adjusted EPS[2]		1,274		1,356			

Year Ended December 31,

[1] Net income and EPS from continuing operations attributable to Xerox.

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

Operating Margin (in millions)

Year Ended December 31,

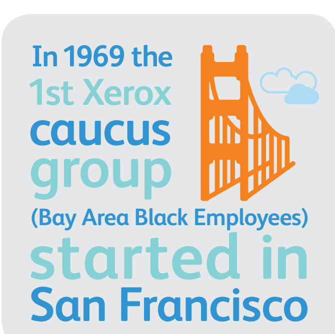
	2013	2012	2011	2010	2009
Total Revenues[1]	$ 21,435	**$ 21,737**	**$ 21,900**	**$ 20,872**	**$ 14,376**
Pre-tax Income[1]	$ 1,312	**$ 1,332**	**$ 1,535**	**$ 793**	**$ 616**
Adjustments:					
Amortization of intangible assets	332	328	398	312	60
Xerox restructuring charge	116	154	32	483	(8)
Curtailment gain	–	–	(107)	–	–
ACS acquisition-related costs	–	–	–	77	72
Other expenses, net	150	261	326	392	289
Adjusted Operating Income	**$ 1,910**	**$ 2,075**	**$ 2,184**	**$ 2,057**	**$ 1,029**
Pre-tax Income Margin	**6.1%**	**6.1%**	**7.0%**	**3.8%**	**4.3%**
Adjusted Operating Margin	**8.9%**	**9.5%**	**10.0%**	**9.9%**	**7.2%**

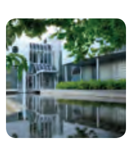
[1] Revenue and Profit from continuing operations attributable to Xerox.

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.

Note: 2009 through 2012 have been restated to reflect the 2013 disposition of our North American (Canada and U.S.) and Western European Paper business as Discontinued Operations.





Board of Directors

Ursula M. Burns
Chairman and Chief
Executive Officer
Xerox Corporation
Norwalk, CT

Glenn A. Britt [B]
Retired Chairman and
Chief Executive Officer
Time Warner Cable Inc.
New York, NY

Richard J. Harrington [A]
Retired President and
Chief Executive Officer
The Thomson Corporation
Stamford, CT

William Curt Hunter [A, C]
Dean Emeritus, Tippie
College of Business
University of Iowa
Iowa City, IA

Robert J. Keegan [A, B]
Retired Chairman,
President and CEO
The Goodyear Tire &
Rubber Company
Akron, OH

Robert A. McDonald [A, B]
Retired Chairman,
President and Chief
Executive Officer
The Procter &
Gamble Company
Cincinnati, OH

Charles Prince [C, D]
Retired Chairman and
Chief Executive Officer
Citigroup Inc.
New York, NY

Ann N. Reese [C, D]
Executive Director
Center for Adoption Policy
Rye, NY

Sara Martinez Tucker [C, D]
President and CEO
National Math and
Science Initiative
Dallas, TX

Mary Agnes Wilderotter [D]
Chairman and Chief
Executive Officer
Frontier Communications
Corporation
Stamford, CT

A: Member of the Audit Committee
B: Member of the Compensation Committee
C: Member of the Corporate Governance Committee
D: Member of the Finance Committee

Xerography derives from two Greek words meaning dry and writing

Xerox has been doing business in the developing markets for more than five decades

Xerox handles more than 2.5 million contact interactions daily in 160 centers globally

Xerox has scored 100 on the Corporate Equality Index every year since 2005

500K frequent flyer transactions are supported annually by Xerox

Officers

Ursula M. Burns
Chairman and Chief Executive Officer

Lynn R. Blodgett
Executive Vice President
President, Xerox Services

James A. Firestone
Executive Vice President
President, Corporate Strategy and Asia Operations

Kathryn A. Mikells
Executive Vice President
Chief Financial Officer

Armando Zagalo de Lima
Executive Vice President
President, Xerox Technology

Don H. Liu
Senior Vice President
General Counsel and Secretary

Thomas J. Maddison
Senior Vice President
Chief Human Resources Officer

Hervé Tessler
Senior Vice President
President, Corporate Operations

David Amoriell
Vice President
Chief Operating Officer, Government and Transportation
Xerox Services

Thomas Blodgett
Vice President
Chief Operating Officer, Capabilities and Commercial Sector
Xerox Services

Richard M. Dastin
Vice President
Chief Development Engineer
Xerox Services

Kathleen S. Fanning
Vice President
Vice President, Worldwide Tax

Michael D. Feldman
Vice President
President, Large Enterprise Operations
Xerox Technology

Michael R. Festa
Vice President
Chief Financial Officer
Xerox Services

Grant Fitz
Vice President
Chief Financial Officer
Xerox Technology

Jacques H. Guers
Vice President
Vice President, Global Accounts Operations

Connie Harvey
Vice President
Chief Operating Officer, Commercial Healthcare
Xerox Services

Jeffrey Jacobson
Vice President
Chief Operating Officer
Xerox Technology

James H. Lesko
Vice President
Vice President, Investor Relations

Stephen Little
Vice President
Chief Information Officer

Yehia Maaty
Vice President
President, Developing Markets Operations
Xerox Technology

Joseph H. Mancini Jr.
Vice President
Chief Accounting Officer

Ivy Thomas McKinney
Vice President
Deputy General Counsel and Chief Ethics Officer

Shaun W. Pantling
Vice President
Director, Services Development Europe
Xerox Technology

Russell M. Peacock
Vice President
President, Global Technology and Delivery Group
Xerox Technology

Rhonda L. Seegal
Vice President
Treasurer

Sophie V. Vandebroek
Vice President
Chief Technology Officer and President, Xerox Innovation Group

Leslie F. Varon
Vice President
Vice President, Finance and Corporate Controller

Ann Vezina
Vice President
Vice President, Human Resources
Xerox Services

Kevin M. Warren
Vice President
President, Growth Opportunities, Global Imaging Systems, Xerox Canada
Xerox Technology

Douraid Zaghouani
Vice President
President, Channel Partner Operations
Xerox Technology

Douglas H. Marshall
Assistant Secretary

Carol A. McFate
Chief Investment Officer

Shareholder Information

For investor information, including comprehensive earnings releases: www.xerox.com/investor or call 888.979.8378.

For shareholder services: call 800.828.6396 (TDD: 800.368.0328) or 781.575.3222; or write to Computershare Trust Company, N.A. P.O. Box 43078, Providence, RI 02940-3078; or use email available at www.computershare.com.

Annual Meeting

Tuesday, May 20, 2014, 9:00 a.m. EDT
Xerox Corporate Headquarters
45 Glover Avenue
Norwalk, CT 06856

Proxy material mailed on April 7, 2014 to shareholders of record March 24, 2014.

Investor Contacts

Jennifer Horsley
jennifer.horsley@xerox.com

Troy Anderson
troy.anderson@xerox.com

This annual report is also available online at www.xerox.com/investor.

Electronic Delivery Enrollment

Xerox offers shareholders the convenience of electronic delivery including:

- Immediate receipt of the Proxy Statement and Annual Report
- Online proxy voting

Registered Shareholders, visit
http://www.eTree.com/Xerox
You are a registered shareholder if you have your stock certificate in your possession or if the shares are being held by our transfer agent, Computershare.

Beneficial Shareholders, visit
http://enroll.icsdelivery.com/xrx
You are a beneficial shareholder if you maintain your position in Xerox within a brokerage account.

How to Reach Us

Xerox Corporation
45 Glover Avenue
Norwalk, CT 06856-4505
United States
203.968.3000
www.xerox.com

Xerox Europe
Riverview
Oxford Road
Uxbridge
Middlesex
United Kingdom
UB8 1HS
+44.1895.251133

Fuji Xerox Co., Ltd.
Tokyo Midtown West
9-7-3, Akasaka
Minato-ku, Tokyo 107-0052
Japan
+81.3.6271.5111

Products and Services
www.xerox.com or by phone:
800.ASK.XEROX (800.275.9376)

Additional Information

The Xerox Foundation
203.849.2453
Mark Conlin, President

Global Diversity & Inclusion Programs and EEO-1 Reports
585.423.3150
www.xerox.com/diversity

Minority and Women Owned Business Suppliers
www.xerox.com/supplierdiversity

Ethics Helpline
866.XRX.0001
North America; International numbers and Web submission tool on www.xerox.com/ethics

Environment, Health, Safety and Sustainability
www.xerox.com/environment

Global Citizenship
www.xerox.com/citizenship
email: citizenship@xerox.com

Governance
www.xerox.com/governance

Questions from Students and Educators
email: nancy.dempsey@xerox.com

Xerox Innovation
www.xerox.com/innovation

Independent Auditors
PricewaterhouseCoopers LLP
300 Atlantic Street
Stamford, CT 06901
203.539.3000

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2013

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from: ______ to: _______

Commission File Number 001-04471

xerox

XEROX CORPORATION

(Exact Name of Registrant as specified in its charter)

New York	**16-0468020**
(State of incorporation)	(IRS Employer Identification No.)
P.O. Box 4505, 45 Glover Avenue, Norwalk, Connecticut 06856-4505	**(203) 968-3000**
(Address of principal executive offices)	**(Registrants telephone number, including area code)**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1 par value	**New York Stock Exchange**
	Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock of the registrant held by non-affiliates as of June 30, 2013 was $11,179,071,063.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

Class	Outstanding at January 31, 2014
Common Stock, $1 par value	1,184,945,440

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document are incorporated herein by reference:

Document	Part of Form 10-K in which Incorporated
Xerox Corporation Notice of 2014 Annual Meeting of Shareholders and Proxy Statement (to be filed no later than 120 days after the close of the fiscal year covered by this report on Form 10-K)	III

FORWARD-LOOKING STATEMENTS

From time to time, we and our representatives may provide information, whether orally or in writing, including certain statements in this Annual Report on Form 10-K, which are deemed to be "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Litigation Reform Act"). These forward-looking statements and other information are based on our beliefs as well as assumptions made by us using information currently available.

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 our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended or using other similar expressions. We do not intend to update these forward-looking statements, except as required by law.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this Annual Report on Form 10-K, any exhibits to this Form 10-K and other public statements we make. 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; 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 and the relocation of our service delivery centers; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term; the risk in the hiring and retention of qualified personnel; the risk that unexpected costs will be incurred; the risk that subcontractors, software vendors and utility and network providers will not perform in a timely, quality manner; our ability to recover capital investments; the risk that our Services business could be adversely affected if we are unsuccessful in managing the start-up of new contracts; development of new products and services; our ability to protect our intellectual property rights; our ability to expand equipment placements; the risk that individually identifiable information of customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security; service interruptions; interest rates, cost of borrowing and access to credit markets; reliance on third parties, including subcontractors, 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 this Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

XEROX CORPORATION
FORM 10-K
DECEMBER 31, 2013

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

Xerox is the world's leading enterprise for business process and document management solutions. We provide services, technology and expertise to enable our customers - from small businesses to large global enterprises - to focus on their core business and operate more effectively.

2013 marked the 75th anniversary of the first xerographic image, which was created by Chester Carlson to simplify the process of copying information. His invention would eventually lead to the formation of Xerox Corporation and the birth of an industry. Even today, this xerographic process remains at the heart of most office printers and copiers around the world.

Xerox has changed greatly in size and scope since the invention of the copier. However, the company's basic principles have remained the same. From printers and multifunction devices, to business services and solutions for transportation, education and healthcare our engineers, scientists and researchers continue to invent ways that make work, and life, a little simpler.

We are a leader across large, diverse and growing markets estimated at over $600 billion. The global **business process outsourcing** and **information technology outsourcing** markets are estimated to be in excess of $250 billion each. These markets are very broad, encompassing horizontal business processes as well as industry-specific processes. The **document management** market is estimated at roughly $100 billion. This market is comprised of the document systems, software, solutions and services that our customers have relied on for years to help run their businesses and reduce their costs. Xerox led the establishment of the managed print services market, and continues as the industry leader today.

Market estimates are derived from third-party forecasts produced by firms such as Gartner and NelsonHall, and from our internal assumptions.

The following are some additional insights into these business areas:

Business Process Outsourcing (BPO): We are the largest worldwide diversified business process outsourcing company, with an expertise in managing transaction-intensive processes. This includes services that support all enterprises through offerings such as customer care, finance and accounting, and human resources, as well as vertically focused offerings in areas such as healthcare, transportation, retail and telecommunications.

Information Technology Outsourcing (ITO): Our specialty is the design, development, and delivery of flexible IT solutions, mapped to each client's needs and standards. Our secure data centers, help desks and managed storage facilities around the world provide a reliable IT infrastructure.

Document Technology and Document Outsourcing (DO): Our document technology products and solutions support the work processes of our customers, and provide them with an efficient, cost effective printing and communications infrastructure. Our managed print services offering helps customers optimize the use of document systems across small businesses or large global enterprises.

Our Strategy and Business Model

Our strategy is to create sustained shareholder value through growth in business services and continued leadership in document technology. We will also create value through expanding margins and profits as well as a balanced capital allocation strategy that returns cash to shareholders, while investing for growth and competitive advantage. To accomplish this, we have established the following strategic priorities:

Services-Driven Revenue Growth and Global Expansion

Through ongoing innovation and acquisitions, over half of the Company's revenue was derived from business services in 2013. Our target is to increase business services to approximately two-thirds of total revenue by 2017.

The majority of our BPO and ITO revenues are currently derived from services provided to customers in the U.S. By leveraging our existing global presence and customer relationships, we are expanding our BPO and ITO services internationally. In addition, we expect to grow globally through acquisitions. Three of the four Services segment acquisitions in 2013 were made outside of the U.S.

Strengthen and Differentiate Our Portfolio

- **Portfolio Management:** Xerox has a broad and diverse set of offerings in Services and a strong and well-positioned product portfolio in Document Technology. We are strengthening our market positions by evaluating our businesses and focusing our investments in areas where we have an advantage, and where the greatest market opportunities exist. We expect to accomplish this by targeting acquisitions and investing in businesses that will enhance our Services offerings and capabilities, capitalize on advantaged verticals and expand services globally, while maintaining our document technology leadership in attractive market segments.

- **Enhance Services Offerings and Capabilities:** Differentiating our Services offerings is key to our strategy. We direct our research & development (R&D) investments to areas such as data analytics and business process automation, and we are investing in attractive markets, such as healthcare, to create differentiation. In addition, our acquisitions target companies providing new capabilities and offering access to adjacent Services areas. We expect this will deliver incremental added value for our customers and drive profitable revenue growth for our business.

- **Maintain Document Technology and Outsourcing Leadership in Attractive Market Segments:** We continue to maintain leadership in Document Technology and managed print services (MPS). We are focused on maintaining this leadership position and continuing to innovate around our software, hardware and services offerings. For instance, in 2013: we launched Xerox® ConnectKey®, a major new software and solutions capability, across a number of multifunction printers in our product portfolio; we enhanced our competitive position in high-end color printing through our acquisition of Impika; and we leveraged our leadership in document technology to grow our BPO and ITO businesses.

- **Capitalize on Advantaged Verticals:** Across our business, we serve verticals where we have deep expertise resulting from years of experience, strong customer relationships, and large scale and renowned innovation. Capitalizing on the opportunities that these strengths provide will continue to be key to our growth.

    - One example of an advantaged vertical is healthcare, where we have built a $2 billion business that touches every aspect of the industry - government, provider, payer, employer and pharmaceutical. In addition, we apply innovation to differentiate our unique offerings. As a result, we are positioned to capitalize on current industry trends, including the changes presented by healthcare reform in the U.S.

    - We also view transportation, wireless communications and graphic communications (among others) as advantaged verticals in which we have a leading position, strong capabilities and attractive market opportunities.

Customer and Employee Focused

Our Services and Document Technology offerings and know-how are a powerful combination. But, at the end of the day, they are only as good as our people. Xerox people define the customer experience and, as such, define our reputation. That's why the value we deliver to customers is a point of pride for us and personifies Team Xerox, living our values and putting customers first every day. The charge in 2014 is to continue to keep the customer at the center of our world.

To help do that, we continue to nurture and develop our employees' talents by investing in HR processes and systems to equip them with modern tools that will make it easier for them to preform their job more effectively, manage their careers and provide more opportunities for growth and development. As our business improves, we will ensure that we share the Company's success with our employees.

Profitability In-Line with the Industry Best

Margin expansion is a key priority and opportunity for Xerox that we will achieve through our continued focus on operational excellence, as well as specific initiatives aimed at improving our cost structure and portfolio mix. Our operational excellence model leverages our global delivery capabilities, production model, incentive-based compensation process, proprietary systems and financial discipline to deliver productivity and lower costs for our customers and for our business. As markets shift, we undertake restructuring to optimize our workforce and facilities to best align our resources with the growth areas of our business, and to maximize profitability and cash flow in businesses that are declining. In Services, we launched a major initiative to increase the percentage of our labor spend in low-cost countries over the next several years. We also have initiatives underway to continue to improve our software platform implementation and overall service delivery, which includes establishing strategic partnerships to supplement our internal capabilities. With ongoing efforts and targeted initiatives, we look to maintain or increase our competitive position with regard to profitability in each of our business areas.

Annuity-Based Business Model and Shareholder Centered Capital Allocation

Our business is based on an annuity model that provides significant recurring revenue and cash generation. In 2013, 84 percent of our total revenue was annuity-based; it includes contracted services, equipment maintenance, consumable supplies and financing, among other elements. The remaining 16 percent of our revenue comes from equipment sales, either from lease agreements that qualify as sales for accounting purposes or outright cash sales.

We remain committed to using our strong cash flow to deliver shareholder returns now and in the future through a balanced capital allocation strategy that includes share repurchase, acquisitions and dividends.

Acquisitions and Divestitures

Consistent with our strategy to expand our Services offerings through acquisitions, we acquired the following companies in 2013:

- In June, we acquired LearnSomething, Inc., a Florida-based provider of custom e-learning solutions and consumer education for the food, drug and healthcare industries. This acquisition broadens the services Xerox offers to these industries, providing retail companies with Web-based information programs that meet the regulatory, operational, continuing education and internal training needs of their diverse and widely-distributed workforces.

- In July, we acquired Customer Value Group Ltd (CVG), a London-based software company that specializes in cloud-based accounts receivable and customer relationship management software. CVG's primary product, Value+, is a Software-as-a-Service (SaaS) cloud application that simplifies the management of customer credit, collections and disputes; improving overall cash collections for our customers. With Value+, Xerox now offers a flexible solution that can be tailored to meet any business model, further strengthening our full suite of finance and accounting process services.

- In August, we acquired CPAS Systems, Inc., a Toronto-based company providing pension administration software to the private and public sectors. CPAS software simplifies administration and record keeping for defined benefit, defined contribution, and hybrid retirement savings plans and health, welfare and group life insurance premiums. CPAS will be offered as both a standalone software solution and as part of our human resources outsourcing services offering, with a special focus on the emerging market for government pension administration outsourcing.

- In December, we announced the intent to acquire Germany-based Invoco Holding GmbH to expand our European customer care services. The acquisition successfully closed in January 2014. Invoco provides our global customers immediate access to industry-leading German-language customer care services and provides Invoco's existing customers access to our broad business process outsourcing capabilities.

In the Document Technology segment, during 2013 we acquired the following businesses and pursued strategic transactions to expand and strengthen our product portfolio and distribution capabilities:

- In February, we acquired Impika, a leader in the design, production and sale of production inkjet printing solutions used for industrial, commercial, security, label and package printing. Impika, based in Aubagne, France, offers a portfolio of aqueous (water-based) inkjet presses utilizing proprietary technology. Since 2011, Xerox has been reselling the Impika brand in Europe and developing markets. The addition of Impika's technology to our existing CiPress® offerings enables Xerox to go to market with the industry's broadest range of digital presses, strengthening our leadership in digital color production printing.

- Consistent with our strategy to expand distribution to under-penetrated markets, we acquired Zeno Office Systems in April and Oklahoma Office Systems in July.

- In December, we sold a portion of our Wilsonville, Oregon, product design, engineering and chemistry group, and related assets that were surplus to our needs, to 3D Systems, Inc. (3D Systems). The sale involved the transfer of approximately 100 engineers and contractors to 3D Systems. The related assets included laboratory, testing and modeling equipment. The sale also included a grant of a non-exclusive license to certain patents and non-patented intellectual property to enable 3D Systems to continue development of certain technologies associated with the transferred employees and related assets. Xerox retained ink and print head development resources along with research relevant for digital printing and the 3D market.

Within the Other segment, Xerox divested its North American (U.S. and Canadian) and its Western European paper businesses in 2013. The divestiture of these businesses is consistent with our ongoing effort to manage our portfolio to focus more on services and develop innovative technologies. These divestitures do not affect the manufacture, sale or support of our broad range of consumables, such as toner, ink and Xerox® replacement cartridges.

Innovation and Research

Xerox has a rich heritage of innovation, and innovation continues to be a core strength of the Company, as well as a competitive differentiator. Our investments in innovation align with our growth opportunities in areas like business process services, color printing and customized communication. Our aim is to create value for our customers, for our shareholders, and for our people by driving innovation in key areas. Our research efforts can be categorized under four themes:

1. **Transforming Data into Actionable Decisions:** Competitive advantage can be achieved by better utilizing available and real-time information. Today, information resides in an ever increasing universe of servers, repositories and formats. The vast majority of information is unstructured, including text, images, voice and videos. One key research area is making sense of unstructured information using natural language processing and semantic analysis. A second major research area focuses on developing proprietary methods for prescriptive analytics applied to business processes. Here, we seek to better manage very large data systems in order to extract business insights and use these insights to provide our clients with actionable recommendations. Tailoring these methods to various vertical applications leads to new customer value propositions.

   Example: Xerox developed an analytics-based engine that dynamically adjusts parking rates based on driver demand for spaces and availability. It models how people choose parking spaces and the flexibility available to drivers about where, when and for how long they stay. The parking engine is integrated as a module into our new Merge® parking management system, which is a single portal for managing a city's meters, pay-by-mobile phone, sensors, enforcement and collections.

2. **Creating Agile Business Processes:** Businesses require agility in order to quickly respond to market changes and new business requirements. To enable greater business process agility, our research goals are to simplify, automate and enable business processes on the cloud via flexible platforms that run on robust and scalable infrastructures. Automation of business processes benefits from our research on image, video and natural language processing as well as machine learning. Application of these methods to business processes enables technology to perform tasks that today are performed manually by workers, thus allowing workers to focus on higher level tasks.

   Example: Xerox is adapting its expertise in imaging to the area of Computer Vision. The ability to extract and analyze vast amounts of information from videos and images touches areas as diverse as surveillance, healthcare, education, transportation, environmental sciences and reading written records. In transportation, researchers have developed a high-speed, video-based license plate recognition technology that is 99 percent accurate. Deployed in Los Angeles, it automates highway toll collection. Retailers and other large enterprises are working with our scientists to extract information from video about customer satisfaction and other valuable information. And in healthcare, we are working on ways to detect vital signs from video images.

3. **Making Personalization Pervasive:** Whether talking about business correspondence, personal communication, manufactured items or an information service, personalization increases the value to the recipient. Our research leads to technologies that improve the efficiency, economics and relevance of business services, such as customer care, benefits and educational services. Our proprietary printing technologies give us a strong platform to research and develop methods that create affordable, ubiquitous color printing. We also research how to expand the application of digital printing to cover new applications such as packaging printing and printing directly on end-use products.

   Example: Xerox® Ignite® Educator Support System is a Web-based, teacher tool for printing, scanning and scoring a variety of assessments. With Ignite, teachers can give tests and also use the information they gather to tailor their instruction along the way. This solution enables personalized assessments of students and highlights key learning strengths and deficiencies, thereby allowing teachers to optimize learning programs for individual students.

4. **Enabling the Sustainable Enterprise:** Global demand for energy, and the environmental consequences of products used by enterprises and consumers, has elevated customer interest in sustainable solutions. Our research develops technologies that minimize the environmental impact of document systems and business processes. We seek opportunities to utilize processes and components that minimize life-cycle footprint and waste, and create zero bioaccumulation. We also actively seek to incorporate bio-based materials in our printing consumables. To help our customers optimize their operations, research is creating new enterprise-wide energy optimization tools, and user sustainability feedback systems.

Global Research Centers

We have five global research centers each with a unique area of focus. They are places where creativity and entrepreneurship are truly valued. Our leadership has empowered employees to deliver leading-edge research and high-impact innovations that make a difference to our clients and the world. Our research centers are:

- **Palo Alto Research Center (PARC):** A wholly-owned subsidiary of Xerox located in the heart of Silicon Valley, PARC provides Xerox commercial and government clients with R&D and open innovation services. PARC scientists have deep technological expertise in big data analytics, networking, printed electronics, energy, and digital design and manufacturing.

- **Xerox Research Centre of Canada (XRCC):** Located in Mississauga, Ontario, Canada, XRCC is our materials research center with a focus on imaging and consumable materials. These include toners, inks and smart materials for our document technology business, as well as materials for digital manufacturing.

- **Xerox Research Center Webster (XRCW):** Located in Webster, New York, XRCW focuses on innovation for our document technology business and in areas that impact our healthcare, transportation and the overall Services segment. Our work here includes data and video analytics, intelligent sensing, computer vision and urban informatics.

- **Xerox Research Centre Europe (XRCE):** Located in Grenoble, France, XRCE research aims to differentiate Xerox business process service offerings by simplifying them and making them more automated, intelligent and agile. The center combines its world-class expertise in imaging, text and data analytics, with insights from its ethnographic studies to create and design innovative and disruptive technology.

- **Xerox Research Center India (XRCI):** Located in Bangalore, India, XRCI explores, develops, and incubates innovative solutions and services for our global customers, with a special focus on emerging markets.

Investment in R&D is critical for competitiveness in our fast-paced markets. One of the ways that we maintain our market leadership is through strategic coordination of our R&D with Fuji Xerox (an equity investment in which we maintain a 25 percent ownership interest). We have aligned our R&D investment portfolio with our growth initiatives, including enhancing customer value by building on our business process services leadership and accelerating our color leadership.

Our total research, development and engineering expenses (RD&E) (including sustaining engineering expenses, which are the hardware engineering and software development costs incurred after we launch a product) totaled $601 million in 2013, $655 million in 2012 and $719 million in 2011. Fuji Xerox R&D expenses were $724 million in 2013, $860 million in 2012 and $880 million in 2011.

Segment Information

Our reportable segments are Services, Document Technology and Other. We present operating segment financial information in Note 2 - Segment Reporting in the Consolidated Financial Statements, which we incorporate by reference here. We have a broad and diverse base of customers by both geography and industry, ranging from small and midsize businesses (SMBs) to graphic communications companies, governmental entities, educational institutions and Fortune 1000 corporate accounts. None of our business segments depends upon a single customer, or a few customers, the loss of which would have a material adverse effect on our business.

Revenues by Business Segment

Our Services segment is the largest segment within the Company, with $11,859 million in revenue in 2013, representing 55 percent of total revenue. The Document Technology segment contributed $8,908 million in revenue, representing 42 percent of total revenue. The Other segment contributed $668 million in revenue, representing 3 percent of total revenue.

Services Segment

We provide comprehensive services in global markets across all major industries and government agencies. These services help our clients simplify the way work gets done, providing them more time and resources to allocate to their core operations, enabling them to respond rapidly to changing technologies and reducing expenses associated with their business processes and information technology support.

Our Services segment comprises three service offerings: Business Process Outsourcing (BPO), Information Technology Outsourcing (ITO) and Document Outsourcing (DO).

Business Process Outsourcing

We are the largest worldwide diversified BPO company, with an expertise in transaction-intensive offerings tailored for several industries. BPO represented 59 percent of our total Services segment revenue in 2013. Our BPO services are delivered through three market-oriented operating sectors: Healthcare, Commercial and Government and Transportation Services. Our services include:

Healthcare Services

The healthcare industry is experiencing a radical transformation. Xerox is uniquely positioned across all segments of the industry to help our customers meet these challenges with innovative, scalable and flexible services tailored to their needs. Examples include:

- Directly supporting U.S. government programs for Medicaid expansion and state Health Insurance Exchanges.

- Services for payers and providers that support increased participation, reduce costs, improve care and meet new regulatory requirements.

- Offering a private exchange solution for employers through our Human Resource Services group. This solution benefits both the employee and employer through reduced costs, and improved employee care and wellness.

We apply our deep healthcare and innovation expertise across the healthcare ecosystem including providers and payers, employers and government agencies. We help these customers focus on delivering better, more accessible and more affordable healthcare, which leads to better health and wellness for their constituencies. We have three market-facing verticals: Government, Payer and Pharma, and Provider.

- **Government Healthcare Solutions:** We provide administrative and care management solutions to state Medicaid programs and federally-funded government healthcare programs. We provide a broad range of innovative solutions to 37 states, which includes providing Health Insurance Exchange support services to seven states. Our services include processing Medicaid claims, pharmacy benefits management, clinical program management, supporting health information exchanges, eligibility application processing and determination, management of long-term care programs, delivering public and private health insurance exchange services and care and quality management.

- **Healthcare Payer and Pharma:** We deliver administrative efficiencies to our healthcare payer and pharmaceutical clients through scalable and flexible transactional business solutions, which encompass our global delivery model and domestic payer service centers. We support the top 20 U.S. commercial health plans, touching nearly two-thirds of the insured population in the U.S. Our services include data capture, claims processing, customer care, inside sales, recovery services and healthcare communications. We also provide these services to payers outside of healthcare. No other competitor has offerings in all of these areas.

- **Healthcare Provider Solutions:** For hospitals, doctors and other care providers, we offer technology services and adoption solutions that simplify healthcare operations. This includes consulting for system selection, implementation support, training and education, technology and infrastructure services, and analytical tools supporting clinical care, case management and metrics for quality and benchmarking. We serve every large health system in the U.S., with contracts in all 50 states. Our services help our clients improve access to patient data, achieve tighter regulatory compliance, realize greater operational efficiencies, reduce administrative costs and provide better health outcomes.

Commercial Services

- **Human Resource Services (HRS):** From actuarial expertise to a full range of human resources (HR) consulting that includes employee service centers, learning, retirement, health, private healthcare exchange and welfare services, our extensive experience provides an option for organizations that need to transform their human resources, learning or reward functions. We help HR departments engage employees as individuals by communicating with personalized messages and enable employees to get smarter about managing their own health, wealth and career outcomes.

- **Financial Services:** We serve clients in many industries by managing their critical finance, accounting and procurement processes. Our methodologies enable transformation and continuous improvement for each client. Our services span corporate finance and decision support, order to cash and record to report. In addition, we provide outsourcing of financial aid and enrollment office operations for colleges and universities, and back-room functions such as customer services, transaction processing and mailroom operations for the financial services industry.

- **Customer Care:** With more than two decades of experience in contact center outsourcing, we have expertise in many industry segments and verticals, including telecommunications, high tech, eCommerce, retail, travel, logistics, financial services and healthcare. We provide customer service, tech support, sales and collections and other services via multiple channels including phone, SMS, chat, interactive voice response (IVR), social networks and email. We have locations in more than 160 countries, with over 50,000 agents who provide customer care services in approximately thirty languages on behalf of our clients around the world.

- **Retail, Travel, Litigation and Learning:** We provide technology-based transactional services for retail, travel and non-healthcare insurance companies, as well as e-discovery services for corporations and law firms. With targeted industry focus, we handle data entry, mailrooms, imaging input and hosting, call centers and help desks.

- **Communication & Marketing Services (CMS):** CMS delivers end-to-end outsourcing for design, creation, marketing, logistics and distribution services that help clients communicate with their customers and employees more effectively. We deliver communications through traditional routes, such as print, but also through a growing number of multimedia channels, including SMS, web, email and mobile media. We help our clients identify how their customers want to be engaged, tailor content, translate content, personalize communication, select the appropriate channel, execute on campaigns and measure the resulting success.

Government and Transportation Services

- **Transportation Services:** We provide revenue-generating solutions for our government clients in over 35 countries. Our services include public transit and fare collection, electronic toll collection, parking management, photo enforcement and commercial vehicle operations. We create simple and reliable processes for operators and government agencies, and we are differentiated by the breadth of our offerings and innovative technology.

- **Government Services:** We support our government clients with services targeting key agencies within federal, state, county and municipal governments. Our clients include Health and Human Services, Veterans Administration, Treasury, Safety and Justice, and Government Administration. Our services span child support payment processing, tax and revenue systems, eligibility systems and services, electronic payment cards, unclaimed property services, IT services and many other services. Our competitive advantage is our depth of agency specific expertise, and we have the scale required to deliver and manage programs at all levels of government.

Information Technology Outsourcing

We specialize in designing, developing and delivering effective IT solutions. Our secure data centers, help desks and managed storage facilities around the world provide a reliable IT infrastructure that minimizes the risk of disruption to our clients' daily operations. ITO represented 13 percent of our total Services segment revenue in 2013.

We provide ITO services across all industries, and have developed deep expertise in several key verticals including Healthcare, Retail, Manufacturing, Financial Services and Public Sector. Our ITO services include:

- **Managed IT Services:** We support our clients' needs for adaptable computing environments and their potential growth, and we provide comprehensive systems support services. We provide a 24/7 support organization that maintains a unified set of tools and processes that support our clients' IT environments, including systems administration, database administration, systems monitoring, batch processing, data backup, network and infrastructure management and capacity planning.

- **End-User Computing (EUC):** Our EUC services provide our clients with a comprehensive solution to manage end-user platforms and devices. These include help and service desks, wireless and mobility services, and desktop management. We design and execute strategies that address and resolve issues such as enterprise bandwidth constraints, unstable computing environments, areas of insecurity and unavailable network resources.

- **IT Solutions:** Our IT Solutions include cloud services, utility computing, desktop virtualization and other solutions. We design our solutions to quickly scale up or down and fit different business needs. Many of these solutions can be delivered through our cloud-based, multi-tenant infrastructure with compliance, monitoring and performance transparency built in.

Document Outsourcing

We are the industry leader in document outsourcing services. We have more than 20 years of experience and 15,000 business professionals in more than 160 countries. We help companies optimize their printing infrastructure and simplify their communication and business processes so that they can grow revenue, reduce costs and operate more efficiently. Document Outsourcing represented 28 percent of our total Services segment revenue in 2013. Our two primary offerings within Document Outsourcing are Managed Print Services and Centralized Print Services.

- **Managed Print Services (MPS):** As the market leader in MPS, Xerox helps clients cut costs, increase productivity and meet their environmental sustainability goals while supporting their mobile and security needs. Our approach is built on three stages; it is a roadmap to manage clients' information today and provide ongoing insight for continuous innovation.

  The first stage is to **Assess and Optimize**. We use best-in-class tools and processes to create a baseline of a client's current spend, then we design a solution that reduces costs by up to 30 percent and that supports sustainability goals. We look across the office and production environments to create a holistic view of the client's printing needs, and provide the accurate information needed to take action.

  The second stage is **Secure and Integrate**. Once we have optimized our clients' printing environment, we ensure that everything is connected to their IT environment in a secure and compliant way. We activate solutions for enhanced security, printing from mobile devices and streamlining the IT environment by managing print servers and print queues. These offerings are supported by our help desk support.

  The third stage is **Automate and Simplify**. With the right technology in place and securely integrated into our clients' IT environment, we improve employee productivity through automating paper-based processes by digitizing paper documents and leveraging content management, thus creating better workflows and reducing print.

  We provide the most comprehensive portfolio of MPS services in the industry, supporting large global enterprises down through small and midsize businesses. We are recognized as an industry leader by several major analyst firms, including Gartner, IDC, Quocirca and Forrester.

  Xerox® MPS complements and provides opportunities to expand existing BPO and ITO services. Within BPO accounts, Xerox® MPS helps to automate workflow and enhance employee productivity. In ITO accounts, MPS complements our clients' IT services that we currently manage and positions us as a complete IT services provider.

- **Centralized Print Services (CPS):** Xerox is the world leader in CPS. We work with clients to establish a common understanding of their business needs. We address the operational and financial aspects of their business and create a document production service that supports revenue growth.

  Within CPS, our main offerings include: On-site print center support which consists of on-demand printing and copying, transactional printing, complete finishing, track and trace, global governance and mainframe production printing; external print procurement; mail and distribution; creative and design; cross-media; and e-publishing.

Document Technology Segment

Document Technology includes the sale of products and supplies, as well as the associated technical service and financing of those products (which are not related to document outsourcing contracts). Our Document Technology business is centered around strategic product groups that share common technology, manufacturing and product platforms. The strategic product groups are: Entry, Mid-Range and High-End.

In 2013, we launched **Xerox® ConnectKey®** which is a software system and set of solutions embedded in our Entry and Mid-Range multifunction printers (MFP's). ConnectKey responds to an increasingly mobile workforce, and the need for more advanced IT security across connected devices. ConnectKey-enabled MFPs use the industry's first embedded security protection from McAfee. These new MFPs also incorporate additional security with Cisco's TrustSec, which protects data paths to and from the devices.

With ConnectKey's open Application Programming Interface (API), reseller partners, systems integrators, solutions developers and managed service providers can develop and embed applications on the MFP. Additional features include cloud access, connect to SharePoint, easy IT integration and mobile print.

Entry

Entry comprises desktop monochrome and color printers and multifunction printers ranging from small personal devices to workgroup printers and MFPs that serve the needs of demanding office users. Entry products represented 21 percent of our total Document Technology segment revenue in 2013 and are sold worldwide in all segments from SMB to enterprise, principally through a global network of reseller partners and service providers.

In 2013, we continued to build on our position in the market:

- Expanded our channel reach, partner programs and capacity to support the needs of small to midsize businesses in our customers' preferred buying locations.
- Made our products more efficient and cost effective to deploy, in conjunction with our MPS offerings.
- Launched products and solutions that help individuals, small work teams, large workgroups or whole departments achieve their business goals.

The following devices were also launched during 2013:

- **The WorkCentre® 3615 Multifunction Printer and Phaser® 3610 printers:** These desktop monochrome devices are designed for small offices or distributed applications in the enterprise. They feature class-leading speed and productivity.
- **The WorkCentre® 7220 and 7225:** Powered by the Xerox® ConnectKey® Controller, the small A3-capable footprint, and quiet operation, make the WorkCentre 7200 series color multifunction printer ideal for workgroups in small offices and the enterprise.
- **ColorQube® 8700/8900 Series:** Our existing ColorQube 8700 and ColorQube 8900 multifunction printers were updated with ConnectKey. This update enhances productivity and allows for these products to leverage the ConnectKey product and solutions portfolio.

Mid-Range

Mid-Range comprises products for enterprises of all sizes. They are sold through dedicated Xerox-branded partners, our direct sales force, indirect multi-branded channel partners and resellers worldwide. Our Mid-Range products represented 58 percent of our total Document Technology segment revenue in 2013. We offer a wide range of multifunction printers, copiers, digital printing presses and light production devices that deliver flexibility and advanced features.

The following mid-range devices were launched during 2013, which includes the ConnectKey-enabled MFPs:

- **Xerox® WorkCentre® 7800 Series:** These ConnectKey-enabled MFPs offer speeds from 30 ppm to 55/50 ppm. The Hi-Q LED print engine technology consumes less energy and space, and produces less noise, while offering printing resolutions of 1200 x 2400 dpi.

- **Xerox® ColorQube® 9300 Series:** The series combines our solid ink innovation with our ConnectKey capabilities. This results in a multifunction printer that produces vivid color quality that is affordable and produces significantly less printing waste versus comparable color laser devices. The device copies and prints at speeds up to 60 ppm, while increasing productivity even further with speeds up to 85 ppm in Fast Color mode for draft or short-life documents.

- **Xerox® WorkCentre® 5800 Series:** These black-and-white workgroup and departmental A3 multifunction printers are ConnectKey-enabled, and range from 45 ppm to 90 ppm. They replace the WorkCentre 5700 family.

- **Xerox® Color 570 Printer:** This light production color printer prints at speeds up to 75 ppm. It is targeted at customers who have multiple needs and requirements, which means it can accommodate quick print shops, in-plant operations, agencies, small businesses and manufacturers. The combination of 2400 x 2400 dpi resolution and our EA Toner results in vibrant and detailed prints with an offset-like finish.

- **Xerox® D136 Copier/Printer and Printer:** These light production monochrome devices print at speeds up to 136 ppm. With oversized and high-capacity feeders, the devices can accommodate various paper sizes and custom stock - handling an additional 4,000 sheets for uninterrupted production runs. The devices' array of finishing options can improve pay-for-print providers profits, while reducing costs for in-plant print shops.

High-End

Our High-End digital color and monochrome solutions are designed for customers in the graphic communications industry and for large enterprises. Our High-End products comprised 21 percent of our total Document Technology segment revenue in 2013. These High-End solutions enable digital, full-color, on-demand printing of a wide range of applications, including variable data for personalized content and 1:1 marketing.

During 2013, a key initiative in this space was the expansion of our workflow software portfolio. **FreeFlow® Core**, a new modular, scalable, open automation platform, is a key new offering at the center of the workflow suite. Another new offering, **FreeFlow® Digital Publisher**, uses FreeFlow Core to automate workflows that enable both print and e-media content, which provides a new revenue source for Xerox print customers. Other solutions include **Xerox® IntegratedPLUS Automated Color Management**, which enables more effective image quality control across a fleet of presses. Each of these solutions automate processes that allow our customers to reduce costs, produce more jobs and grow their businesses.

Within the hardware portfolio, the most significant advancement was the acquisition of Impika. Impika is a leader in the design, production and sale of high-speed, continuous-feed inkjet printing systems that are used for commercial and industrial printing. The Impika offerings include the **iPrint eVolution, iPrint Compact and iPrint Reference**. These presses utilize proprietary, aqueous inkjet technology, and print at speeds as fast as 832 feet (254 meters) per minute. The Impika products join the **Xerox® CiPress Production Inkjet Systems** in our high-speed inkjet lineup, strengthening our position in this rapidly growing segment.

In addition to the acquisition of Impika, we built on our industry-leading product lineup in 2013 with the launch of several products:

- **Xerox® Color J75 & C75 Presses:** In February, we introduced the Xerox entry production color family, the Color J75 and C75 Presses. These products print at speeds up to 75 ppm and include a wide range of finishing options. The J75 includes the Xerox® Automated Color Quality Suite, which delivers outstanding productivity and quality.

- **Xerox® iGen4® Diamond Edition:** The newest product in the iGen® family, the Xerox® iGen4 Diamond Edition digital press, incorporates the latest image quality, automation and productivity innovations from the flagship Xerox® iGen 150 into the iGen4 platform, providing unmatched flexibility, productivity and profitability. Automation from beginning to end speeds up turnaround times and delivers improved profitability for print providers.

- **Xerox® Color 8250 Production Printer:** In June, we launched the Color 8250 Production Printer. Based on Xerox® iGen technology, the 8250 is a cost-effective, high-speed cut-sheet system that is designed to deliver high volume business-quality color on uncoated papers. When coupled with the FreeFlow suite, the 8250 is ideal for producing high volumes of personalized direct mail and transactional documents.

- **Xerox® Wide Format IJP 2000:** The Wide Format IJP 2000, an inkjet based press, was launched in September. The IJP 2000 helps customers produce a variety of high-quality, high-value jobs on a wide range of media, including papers, vinyl and banner fabric.

- **Xerox® CiPress Single Engine Duplex:** The Single Engine Duplex configurations of the CiPress 500 and 325 Production Inkjet Systems were launched in September, enabling two-sided printing in a single print engine. This configuration helps customers reduce costs while delivering exceptional reliability and performance in a compact, economical footprint.

Other Segment

The Other segment includes paper sales in our developing market countries, wide-format systems, licensing revenue, Global Imaging Systems network integration solutions and electronic presentation systems and non-allocated corporate items, including Other expenses, net. Paper comprised approximately one-third of the revenues in the Other segment in 2013, which is lower than the 59 percent in 2012 due to the sale of our North American and Western European paper businesses during 2013.

Geographic Information

Our global presence is one of our core strengths. Overall, 32 percent of our revenue is generated by customers outside the U.S. We have a significant opportunity to take advantage of our global presence and customer relationships to expand our Services business in Europe and developing markets.

In 2013, our revenues by geography were as follows: U.S.: $14,534 million (68 percent of total revenue), Europe: $4,574 million (21 percent of total revenue), and Other areas: $2,327 million (11 percent of total revenue). Revenues by geography are based on the location of the unit reporting the revenue and include export sales.

Patents, Trademarks and Licenses

Xerox and its subsidiaries were awarded 1,168 U.S. utility patents in 2013. On that basis, we would rank 23rd on the list of companies that were awarded the most U.S. patents during the year. Including our research partner Fuji Xerox, we were awarded about 1,950 U.S. utility patents in 2013. Our patent portfolio evolves as new patents are awarded to us and as older patents expire. As of December 31, 2013, we held about 12,100 U.S. design and utility patents. These patents expire at various dates up to 20 years or more from their original filing dates. While we believe that our portfolio of patents and applications has value, in general no single patent is essential to our business or any individual segment. In addition, any of our proprietary rights could be challenged, invalidated or circumvented, or may not provide significant competitive advantages.

In the U.S., we are party to numerous patent-licensing agreements and, in a majority of them, we license or assign our patents to others in return for revenue and/or access to their patents. Most patent licenses expire concurrently with the expiration of the last patent identified in the license. In 2013, we added 11 new agreements to our portfolio of patent-licensing and sale agreements, and Xerox and its subsidiaries were licensor or seller in seven of the agreements. We are also a party to a number of cross-licensing agreements with companies that hold substantial patent portfolios, including Canon, Microsoft, IBM, Hewlett-Packard, Oce, Sharp, Samsung, Seiko Epson and Toshiba TEC. These agreements vary in subject matter, scope, compensation, significance and time.

In the U.S., we own more than 500 U.S. trademarks, either registered or applied for. These trademarks have a perpetual life, subject to renewal every 10 years. We vigorously enforce and protect our trademarks.

Marketing and Distribution

We operate in over 160 countries, providing the industry's broadest portfolio of document technology, services and software, and the most diverse array of business processes and IT outsourcing support through a variety of distribution channels around the world. We manage our business based on the principal segments described earlier. We have organized the marketing, selling and distribution of our products and services by geography, channel type and line of business.

We go to market with a services-led approach and sell our products and services directly to customers through our world-wide sales force and through a network of independent agents, dealers, value-added resellers, systems integrators and the Web. In addition, our wholly-owned subsidiary, Global Imaging Systems (GIS), an office technology dealer which is comprised of regional core companies in the U.S., sells and services document management systems, network integration devices and electronic presentation systems. We continued to expand our distribution to small and mid-size businesses in 2013 as GIS acquired two companies.

Our brand is a valuable resource and continues to be ranked in the top percentile of the most valuable global brands. In Europe, Africa, the Middle East and parts of Asia, we distribute our products through Xerox Limited, a company established under the laws of England, as well as through related non-U.S. companies. Xerox Limited enters into distribution agreements with unaffiliated third parties to distribute our products in many of the countries located in these regions, and previously entered into agreements with unaffiliated third parties who distribute our products in Sudan and Syria. Sudan and Syria, among others, have been designated as state sponsors of terrorism by the U.S. Department of State and are subject to U.S. economic sanctions. We maintain an export and sanctions compliance program, and believe that we have been and are in compliance with U.S. laws and government regulations for these countries. We have no assets, liabilities or operations in these countries other than liabilities under the distribution agreements. After observing required prior notice periods, Xerox Limited terminated its distribution agreements with distributors servicing Sudan and Syria in August 2006. Now, Xerox has only legacy obligations to third parties, such as providing spare parts and supplies to these third parties. In 2013, total Xerox revenues of $21.4 billion included less than $20 thousand attributable to Sudan and Syria.

Competition

Although we encounter competition in all areas of our business, we are the leader -- or among the leaders -- in each of our principal business segments. We compete on the basis of technology, performance, price, quality, reliability, brand, distribution and customer service and support.

In the Services business, our larger competitors include Accenture, Aon, Computer Sciences Corporation, Convergys, Dell, Genpact, Hewlett-Packard, IBM and Teletech. In addition, we compete with in-house departments that perform the functions that could be outsourced to us.

In the Document Technology business, our larger competitors include Canon, Hewlett-Packard, Konica Minolta, Lexmark and Ricoh.

Our brand recognition, positive reputation for business process and document management, innovative technology and service delivery are our competitive advantages. This combined with our breadth of product offerings, global distribution channels and customer relationships positions us as a strong competitor going forward.

Global Employment

Globally, we have approximately 143,100 direct employees, including approximately 6,400 sales professionals, approximately 10,800 technical service employees and approximately 97,000 employees serving our customers through on-site operations or off-site delivery centers.

Customer Financing

We finance a large portion of our direct channel customer purchases of Xerox equipment through bundled lease agreements. Financing facilitates customer acquisition of Xerox technology and enhances our value proposition, while providing Xerox an attractive gross margin and a reasonable return on our investment in this business. Additionally, because we primarily finance our own products and have a long history of providing financing to our customers, we are able to minimize much of the risk normally associated with a finance business.

Because our lease contracts permit customers to pay for equipment over time rather than at the date of installation, we maintain a certain level of debt to support our investment in these lease contracts. We fund our customer financing activity through a combination of cash generated from operations, cash on hand, proceeds from capital market offerings and the sale of selected finance receivables. At December 31, 2013, we had $4.5 billion of finance receivables and $0.6 billion of equipment on operating leases, or Total Finance assets of $5.1 billion. We maintain an assumed 7:1 leverage ratio of debt to equity as compared to our Finance assets, which results in the majority of our $8.0 billion of debt being allocated to our financing business.

Refer to "Customer Financing Activities" in the Capital Resources and Liquidity section of Management's Discussion and Analysis included in Item 7 of this 2013 Form 10-K, which is incorporated here by reference, for additional information.

Manufacturing and Supply

Our manufacturing and distribution facilities are located around the world. The Company's largest manufacturing site is in Webster, N.Y., where we produce Xerox® iGen and Nuvera® systems, components, EA Toner, consumables, fusers, photoreceptors, and other products. Our other primary manufacturing operations are located in: Dundalk, Ireland, for our High-End production products and consumables; and Wilsonville, OR, for solid ink products, consumable supplies and components for our mid-range and entry products. We also have a facility in Venray, Netherlands, which provides supplies manufacturing and supply chain management for the Eastern Hemisphere.

Our master supply agreement with Flextronics, a global electronics manufacturing services company, to outsource portions of manufacturing for our mid-range and entry businesses, continues through 2014 (exclusive of extension rights). We also acquire products from various third parties in order to increase the breadth of our product portfolio and meet channel requirements.

We have arrangements with Fuji Xerox under which we purchase and sell products, some of which are the result of mutual research and development agreements. Refer to Note 8 - Investments in Affiliates, at Equity in the Consolidated Financial Statements, which is incorporated here by reference, for additional information regarding our relationship with Fuji Xerox.

Services Global Production Model

Our global services production model is one of our key competitive advantages. We have approximately 130 Strategic Delivery Centers located around the world, including India, Philippines, Jamaica, Mexico, Guatemala, Colombia, Brazil, Chile, Argentina, Ireland, Spain, Poland and Romania. These locations are comprised of Customer Care Centers, Mega IT Data Centers, Finance and Accounting Centers, Human Resource Centers and Document Process Centers. Our global production model is enabled by the use of proprietary technology, which allows us to securely distribute client transactions within data privacy limits across a global workforce. This global production model allows us to make the most of lower-cost production locations, consistent methodology and processes, and time zone advantages.

Fuji Xerox

Fuji Xerox is an unconsolidated entity in which we own a 25 percent interest, and FUJIFILM Holdings Corporation (FujiFilm) owns a 75 percent interest. Fuji Xerox develops, manufactures and distributes document processing products in Japan, China, Hong Kong, other areas of the Pacific Rim, Australia and New Zealand. We retain significant rights as a minority shareholder. Our technology licensing agreements with Fuji Xerox ensure that the two companies retain uninterrupted access to each other's portfolio of patents, technology and products.

International Operations

The financial measures by geographical area for 2013, 2012 and 2011 that are included in Note 2 - Segment Reporting in the Consolidated Financial Statements, are incorporated here by reference. See also the risk factor entitled “Our business, results of operations and financial condition may be negatively impacted by economic conditions abroad, including local economies, political environments, fluctuating foreign currencies and shifting regulatory schemes” in Part I, Item 1A included herein.

Backlog

Backlog, or the value of unfilled orders, is not a meaningful indicator of future business prospects because of the significant proportion of our revenue that follows contract signing and/or equipment installation, the large volume of products we deliver from shelf inventories and the shortening of product life cycles.

Seasonality

Our revenues are affected by such factors as the introduction of new products, the length of sales cycles and the seasonality of technology purchases and services unit volumes. These factors have historically resulted in lower revenues, operating profits and operating cash flows in the first quarter and the third quarter.

Other Information

Xerox is a New York corporation, organized in 1906, and our principal executive offices are located at 45 Glover Avenue, P.O. Box 4505, Norwalk, Connecticut 06856-4505. Our telephone number is (203) 968-3000.

In the Investor Information section of our Internet website, you will find our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to these reports. We make these documents available as soon as we can after we have filed them with, or furnished them to, the Securities and Exchange Commission.

Our Internet address is **www.xerox.com**.

ITEM 1A. RISK FACTORS

Our business, results of operations and financial condition may be negatively impacted by conditions abroad, including local economics, political environments, fluctuating foreign currencies and shifting regulatory schemes.

A significant portion of our revenue is generated from operations outside the United States. In addition, we maintain significant operations and acquire or manufacture many of our products and/or their components outside the United States. Our future revenues, costs and results of operations could be significantly affected by changes in foreign currency exchange rates - particularly the Japanese Yen to U.S. Dollar and Japanese Yen to Euro exchange rates, as well as by a number of other factors, including changes in economic conditions from country to country, changes in a country's political conditions, trade protection measures, licensing requirements, local tax issues, capitalization and other related legal matters. We generally hedge foreign currency denominated assets, liabilities and anticipated transactions primarily through the use of currency derivative contracts. The use of derivative contracts is intended to mitigate or reduce transactional level volatility in the results of foreign operations, but does not completely eliminate volatility. We do not hedge the translation effect of international revenues and expenses, which are denominated in currencies other than our U.S. parent functional currency, within our consolidated financial statements. If our future revenues, costs and results of operations are significantly affected by economic conditions abroad and we are unable to effectively hedge these risks, they could materially adversely affect our results of operations and financial condition.

We face significant competition and our failure to compete successfully could adversely affect our results of operations and financial condition.

We operate in an environment of significant competition, driven by rapid technological advances and the demands of customers to become more efficient. Our competitors range from large international companies to relatively small firms. Some of the large international companies have significant financial resources and compete with us globally to provide document processing products and services and/or business process services in each of the markets we serve. We compete primarily on the basis of technology, performance, price, quality, reliability, brand, distribution and customer service and support. Our success in future performance is largely dependent upon our ability to compete successfully in the markets we currently serve and to expand into additional market segments. To remain competitive, we must develop services, applications and new products; periodically enhance our existing offerings; and attract and retain key personnel and management. If we are unable to compete successfully, we could lose market share and important customers to our competitors and that could materially adversely affect our results of operations and financial condition.

Our profitability is dependent upon our ability to obtain adequate pricing for our products and services and to improve our cost structure.

Our success depends on our ability to obtain adequate pricing for our services and products and that will provide a reasonable return to our shareholders. Depending on competitive market factors, future prices we obtain for our services and products may decline from previous levels. In addition, pricing actions to offset the effect of currency devaluations may not prove sufficient to offset further devaluations or may not hold in the face of customer resistance and/or competition. If we are unable to obtain adequate pricing for our services and products, it could materially adversely affect our results of operations and financial condition. In addition, our services contracts are increasingly requiring tighter timelines for implementation as well as more stringent service level metrics. This makes the bidding process for new contracts much more difficult and require us to adequately consider these requirements in the pricing of our services.

We continually review our operations with a view towards reducing our cost structure, including but not limited to reducing employee base, exiting certain businesses, improving process and system efficiencies and outsourcing some internal functions. We from time to time engage in restructuring actions to reduce our cost structure. If we are unable to continue to maintain our cost base at or below the current level and maintain process and systems changes resulting from prior restructuring actions, it could materially adversely affect our results of operations and financial condition.

In addition, in order to continually meet the service requirements of our customers, which often includes 24/7 service, and to optimize our employee cost base, we will locate our delivery service centers in lower-cost locations, including several developing countries. Concentrating our delivery service centers in these locations presents a number of operational risks, many of which are beyond our control, including the risks of political instability, natural disasters, safety and security risks, labor disruptions and rising labor rates. These risks could impair our ability to effectively provide services to our customers and keep our costs aligned to our associated revenues and market requirements.

Our ability to sustain and improve profit margins is dependent on a number of factors, including our ability to continue to improve the cost efficiency of our operations through such programs as Lean Six Sigma, the level of pricing pressures on our services and products, the proportion of high-end as opposed to low-end equipment sales (product mix), the trend in our post-sale revenue growth and our ability to successfully complete information technology initiatives. If any of these factors adversely materialize or if we are unable to achieve and maintain productivity improvements through design efficiency, supplier and manufacturing cost improvements and information technology initiatives, our ability to offset labor cost inflation, potential materials cost increases and competitive price pressures would be impaired, all of which could materially adversely affect our results of operations and financial condition.

Our government contracts are subject to termination rights, audits and investigations, which, if exercised, could negatively impact our reputation and reduce our ability to compete for new contracts.

A significant portion of our revenues are derived from contracts with U.S. federal, state and local governments and their agencies, as well as international governments and their agencies. Governments and their agencies may have the right to terminate many of these contracts at any time without cause. These contracts, upon their expiration or termination, are typically subject to a bidding process in which Xerox may not be successful. Also, our contracts with governmental entities are generally subject to the approval of annual appropriations by the United States Congress or other legislative/governing bodies to fund the expenditures of the governmental entities under those contracts. Additionally, government contracts are generally subject to audits and investigations by government agencies. If the government finds that we improperly charged any costs to a contract, the costs are not reimbursable or, if already reimbursed, the cost must be refunded to the government. If the government discovers improper or illegal activities or contractual non-compliance in the course of audits or investigations, we may be subject to various civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government. Any resulting penalties or sanctions could have a material adverse effect on our business, financial condition, results of operations and cash flows. Further, the negative publicity that arises from findings in such audits, investigations or the penalties or sanctions therefore could have an adverse effect on our reputation in the industry and reduce our ability to compete for new contracts and may also have a material adverse effect on our business, financial condition, results of operations and cash flow.

Our ability to deliver services could be impaired if we are unable to hire or retain qualified personnel in certain areas of our business, which could result in decreased revenues or additional costs.

At times, we have experienced difficulties in hiring personnel with the desired levels of training or experience. Additionally, in regard to the labor-intensive business of the Company, quality service and adequate internal controls depend on our ability to retain employees and manage personnel turnover. An increase in the employee turnover rate or our inability to recruit and retain qualified personnel could increase recruiting and training costs and potentially decrease revenues or decrease our operating effectiveness and productivity. We may not be able to continue to hire, train and retain a sufficient number of qualified personnel to adequately staff new client projects.

For our services contracts, we rely to a significant extent on third-party providers, such as subcontractors, a relatively small number of primary software vendors, utility providers and network providers; if they cannot deliver or perform as expected or if our relationships with them are terminated or otherwise change, our business, results of operations and financial condition could be materially adversely affected.

Our ability to service our customers and clients and deliver and implement solutions depends to a large extent on third-party providers such as subcontractors, a relatively small number of primary software vendors and utility providers and network providers meeting their obligations to us and our expectations in a timely, quality manner. Our business, revenues, profitability and cash flows could be materially and adversely affected and we might incur significant additional liabilities if these third-party providers do not meet these obligations or our expectations or if they terminate or refuse to renew their relationships with us or were to offer their products to us with less advantageous prices and other terms than we previously had. In addition, a number of our facilities are located in jurisdictions outside of the United States where the provision of utility services, including electricity and water, may not be consistently reliable and, while there are backup systems in many of our operating facilities, an extended outage of utility or network services could have a material adverse effect on our operations, revenues, cash flow and profitability.

Our ability to recover capital investments in connection with our contracts is subject to risk.

In order to attract and retain large outsourcing contracts, we sometimes make significant capital investments to enable us to perform our services under the contracts, such as purchases of information technology equipment and costs incurred to develop and implement software. The net book value of such assets recorded, including a portion of our intangible assets, could be impaired, and our earnings and cash flow could be materially adversely affected in the event of the early termination of all or a part of such a contract or a reduction in volumes and services thereunder for reasons such as, among other things, a customer's or client's merger or acquisition, divestiture of assets or businesses, business failure or deterioration, or a customer's or client's exercise of contract termination rights.

Our services business could be adversely affected if we are unsuccessful in managing the start-up of new contracts.

In order for our services business to continue its growth, we must successfully manage the start-up of services related to new contracts. If a client is not satisfied with the quality of work performed by us or a subcontractor, or with the type of services or solutions delivered, then we could incur additional costs to address the situation, the profitability of that work might be impaired and the client's dissatisfaction with our services could damage our ability to obtain additional work from that client or obtain new work from other potential clients. In particular, clients who are not satisfied might seek to terminate existing contracts prior to their scheduled expiration date, which may result in our inability to fully recover our up-front investments. In addition, clients could direct future business to our competitors. We could also trigger contractual credits to clients or a contractual default. Failure to properly transition new clients to our systems, properly budget transition costs or accurately estimate new contract operational costs could result in delays in our contract performance, trigger service level penalties, impair fixed or intangible assets or result in contract profit margins that do not meet our expectations or our historical profit margins.

If we fail to successfully develop new products, technologies and service offerings and protect our intellectual property rights, we may be unable to retain current customers and gain new customers and our revenues would decline.

The process of developing new high technology products and solutions is inherently complex and uncertain. It requires accurate anticipation of customers' changing needs and emerging technological trends. We must make long-term investments and commit significant resources before knowing whether these investments will eventually result in products that achieve customer acceptance and generate the revenues required to provide desired returns. In developing these new technologies and products, we rely upon patent, copyright, trademark and trade secret laws in the United States and similar laws in other countries, and agreements with our employees, customers, suppliers and other parties, to establish and maintain our intellectual property rights in technology and products used in our operations. However, the laws of certain countries may not protect our proprietary rights to the same extent as the laws of the United States and we may be unable to protect our proprietary technology adequately against unauthorized third-party copying or use, which could adversely affect our competitive position. In addition, some of our products rely on technologies developed by third parties. We may not be able to obtain or to continue to obtain licenses and technologies from these third parties at all or on reasonable terms, or such third parties may demand cross-licenses to our intellectual property. It is also possible that our intellectual property rights could be challenged, invalidated or circumvented, allowing others to use our intellectual property to our competitive detriment. We also must ensure that all of our products comply with existing and newly enacted regulatory requirements in the countries in which they are sold, particularly European Union environmental directives. If we fail to accurately anticipate and meet our customers' needs through the development of new products, technologies and service offerings or if we fail to adequately protect our intellectual property rights or if our new products are not widely accepted or if our current or future products fail to meet applicable worldwide regulatory requirements, we could lose market share and customers to our competitors and that could materially adversely affect our results of operations and financial condition.

Our operating results may be negatively impacted by lower equipment placements and usage trends.

Our ability to maintain a consistent trend of revenue growth over the intermediate to longer term is largely dependent upon expansion of our worldwide equipment placements, as well as sales of services and supplies occurring after the initial equipment placement (post sale revenue) in the key growth markets of digital printing, color and multifunction systems. We expect that revenue growth can be further enhanced through our document management and consulting services in the areas of personalized and product life cycle communications, enterprise managed print services and document content and imaging. The ability to achieve growth in our equipment placements is subject to the successful implementation of our initiatives to provide advanced systems, industry-oriented global solutions and services for major customers, improve direct and indirect sales productivity and expand our indirect distribution channels in the face of global competition and pricing pressures. Our ability to increase post sale revenue is largely dependent on our ability to increase the volume of pages printed, the mix and price of color pages, equipment utilization and color adoption, as well as our ability to retain a high level of supplies sales in unbundled contracts. Equipment placements typically occur through leases with original terms of three to five years. There will be a lag between the increase in equipment placement and an increase in post sale revenues. The ability to grow our customers' usage of our products may continue to be adversely impacted by the movement toward distributed printing and electronic substitutes and the impact of lower equipment placements in prior periods. If we are unable to maintain a consistent trend of revenue growth, it could materially adversely affect our results of operations and financial condition.

We are subject to laws of the United States and foreign jurisdictions relating to individually identifiable information, and failure to comply with those laws, whether or not inadvertent, could subject us to legal actions and negatively impact our operations.

We receive, process, transmit and store information relating to identifiable individuals, both in our role as a service and technology provider and as an employer. As a result, we are subject to numerous United States (both federal and state) and foreign jurisdiction laws and regulations designed to protect individually identifiable information, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the HIPAA regulations governing, among other things, the privacy, security and electronic transmission of individually identifiable health information, and the European Union Directive on Data Protection (Directive 95/46/EC). Other United States (both federal and state) and foreign jurisdiction laws apply to our processing of individually identifiable information and these laws have been subject to frequent changes, and new legislation in this area may be enacted at any time. Changes to existing laws, introduction of new laws in this area, or failure to comply with existing laws that are applicable to us may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on our ability to obtain and process information and allegations by our customers and clients that we have not performed our contractual obligations, any of which may have a material adverse effect on our profitability and cash flow.

We are subject to breach of our security systems and service interruptions which could expose us to liability, impair our reputation or temporarily render us unable to fulfill our service obligations under our contracts.

We have implemented security systems with the intent of maintaining the physical security of our facilities and protecting our customers', clients' and suppliers' confidential information and information related to identifiable individuals against unauthorized access through our information systems or by other electronic transmission or through the misdirection, theft or loss of physical media. These include, for example, the appropriate encryption of information. Despite such efforts, we are subject to breach of security systems which may result in unauthorized access to our facilities and/or the information we are trying to protect. Because the techniques used to obtain unauthorized access change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement preventative measures. If unauthorized parties gain physical access to one of our facilities or electronic access to our information systems or such information is misdirected, lost or stolen during transmission or transport, any theft or misuse of such information could result in, among other things, unfavorable publicity, governmental inquiry and oversight, difficulty in marketing our services, allegations by our customers and clients that we have not performed our contractual obligations, litigation by affected parties and possible financial obligations for damages related to the theft or misuse of such information, any of which could have a material adverse effect on our profitability and cash flow. We also maintain various systems and data centers for our customers. Often these systems and data centers must be maintained worldwide and on a 24/7 basis. Although we endeavor to ensure that there is adequate back-up and maintenance of these systems and centers, we could experience service interruptions that could result in curtailed operations and loss of customers, which would reduce our revenue and profits in addition to impairing our reputation.

Our ability to fund our customer financing activities at economically competitive levels depends on our ability to borrow and the cost of borrowing in the credit markets.

The long-term viability and profitability of our customer financing activities is dependent, in part, on our ability to borrow and the cost of borrowing in the credit markets. This ability and cost, in turn, is dependent on our credit ratings and is subject to credit market volatility. We primarily fund our customer financing activity through a combination of cash generated from operations, cash on hand, capital market offerings, sales and securitizations of finance receivables and commercial paper borrowings. Our ability to continue to offer customer financing and be successful in the placement of equipment with customers is largely dependent on our ability to obtain funding at a reasonable cost. If we are unable to continue to offer customer financing, it could materially adversely affect our results of operations and financial condition.

Our significant debt could adversely affect our financial health and pose challenges for conducting our business.

We have and will continue to have a significant amount of debt and other obligations, primarily to support our customer financing activities. Our substantial debt and other obligations could have important consequences. For example, it could (i) increase our vulnerability to general adverse economic and industry conditions; (ii) limit our ability to obtain additional financing for future working capital, capital expenditures, acquisitions and other general corporate requirements; (iii) increase our vulnerability to interest rate fluctuations because a portion of our debt has variable interest rates; (iv) require us to dedicate a substantial portion of our cash flows from operations to service debt and other obligations thereby reducing the availability of our cash flows from operations for other purposes; (v) limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate; (vi) place us at a competitive disadvantage compared to our competitors that have less debt; and (vii) become due and payable upon a change in control. If new debt is added to our current debt levels, these related risks could increase.

We need to maintain adequate liquidity in order to meet our operating cash flow requirements, repay maturing debt and meet other financial obligations, such as payment of dividends to the extent declared by our Board of Directors. If we fail to comply with the covenants contained in our various borrowing agreements, it may adversely affect our liquidity, results of operations and financial condition.

Our liquidity is a function of our ability to successfully generate cash flows from a combination of efficient operations and improvement therein, access to capital markets and funding from third parties. We believe our liquidity (including operating and other cash flows that we expect to generate) will be sufficient to meet operating requirements as they occur; however, our ability to maintain sufficient liquidity going forward depends on our ability to generate cash from operations and access to the capital markets and funding from third parties, all of which are subject to general economic, financial, competitive, legislative, regulatory and other market factors that are beyond our control.

The Credit Facility contains financial maintenance covenants, including maximum leverage (debt for borrowed money divided by consolidated EBITDA, as defined) and a minimum interest coverage ratio (consolidated EBITDA divided by consolidated interest expense, as defined). At December 31, 2013, we were in full compliance with the covenants and other provisions of the Credit Facility. Failure to comply with material provisions or covenants in the Credit Facility could have a material adverse effect on our liquidity, results of operations and financial condition.

We have outsourced a significant portion of our overall worldwide manufacturing operations and increasingly are relying on third-party manufacturers, subcontractors and external suppliers.

We have outsourced a significant portion of our overall worldwide manufacturing operations to third parties and various service providers. To the extent that we rely on third-party manufacturing relationships, we face the risk that those manufacturers may not be able to develop manufacturing methods appropriate for our products, they may not be able to quickly respond to changes in customer demand for our products, they may not be able to obtain supplies and materials necessary for the manufacturing process, they may experience labor shortages and/or disruptions, manufacturing costs could be higher than planned and the reliability of our products could decline. If any of these risks were to be realized, and assuming similar third-party manufacturing relationships could not be established, we could experience interruptions in supply or increases in costs that might result in our being unable to meet customer demand for our products, damage our relationships with our customers and reduce our market share, all of which could materially adversely affect our results of operations and financial condition.

In addition, in our services business we may partner with other parties, including software and hardware vendors, to provide the complex solutions required by our customers. Therefore, our ability to deliver the solutions and provide the services required by our customers is dependent on our and our partners' ability to meet our customers' requirements and schedules. If we or our partners fail to deliver services or products as required and on time, our ability to complete the contract may be adversely affected, which may have an adverse impact on our revenue and profits.

We need to develop and expand the use of color printing and copying.

Increasing the proportion of pages that are printed in color and transitioning color pages currently produced on offset devices to Xerox technology represent key growth opportunities. A significant part of our strategy and ultimate success in this changing market is our ability to develop and market technology that produces color prints and copies quickly, easily, with high quality and at reduced cost. Our future success in executing on this strategy depends on our ability to make the investments and commit the necessary resources in this highly competitive market, as well as the pace of color adoption by our existing and prospective customers. If we are unable to develop and market advanced and competitive color technologies or the pace of color adoption by our existing and prospective customers is less than anticipated, or the price of color pages declines at a greater rate and faster pace than we anticipate, we may be unable to capture these opportunities and it could materially adversely affect our results of operations and financial condition.

Our business, results of operations and financial condition may be negatively impacted by legal and regulatory matters.

We have various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting, servicing and procurement laws; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations, as discussed in the “Contingencies” note in the Consolidated Financial Statements. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Our operations and our products are subject to environmental regulations in each of the jurisdictions in which we conduct our business and sell our products. Some of our manufacturing operations use, and some of our products contain, substances that are regulated in various jurisdictions. For example, various countries and jurisdictions have adopted or are expected to adopt restrictions on the types and amounts of chemicals that may be present in electronic equipment or other items that we use or sell. If we do not comply with applicable rules and regulations in connection with the use of such substances and the sale of products containing such substances, then we could be subject to liability and could be prohibited from selling our products, which could have a material adverse effect on our results of operations and financial condition. Further, various countries and jurisdictions have adopted or are expected to adopt, programs that make producers of electrical goods, including computers and printers, responsible for certain labeling, collection, recycling, treatment and disposal of these recovered products. If we are unable to collect, recycle, treat and dispose of our products in a cost-effective manner and in accordance with applicable requirements, it could materially adversely affect our results of operations and financial condition. Other potentially relevant initiatives throughout the world include proposals for more extensive chemical registration requirements and/or possible bans on the use of certain chemicals, various efforts to limit energy use in products and other environmentally related programs impacting products and operations, such as those associated with climate change accords, agreements and regulations. For example, the European Union's Energy-Related Products Directive (ERP) is expected to lead to the adoption of “implementing measures” intended to require certain classes of products to achieve certain design and/or performance standards, in connection with energy use and potentially other environmental parameters and impacts. It is possible that some or all of our products may be required to comply with ERP implementing measures. Another example is the European Union “REACH” Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals), a broad initiative that requires parties throughout the supply chain to register, assess and disclose information regarding many chemicals in their products. Depending on the types, applications, forms and uses of chemical substances in various products, REACH could lead to restrictions and/or bans on certain chemical usage. Xerox continues its efforts toward monitoring and evaluating the applicability of these and numerous other regulatory initiatives in an effort to develop compliance strategies. As these and similar initiatives and programs become regulatory requirements throughout the world and/or are adopted as public or private procurement requirements, we must comply or potentially face market access limitations that could have a material adverse effect on our operations and financial condition. Similarly, environmentally driven procurement requirements voluntarily adopted by customers in the marketplace (e.g., U.S. EPA EnergyStar) are constantly evolving and becoming more stringent, presenting further market access challenges if our products fail to comply.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

We own several manufacturing, engineering and research facilities and lease other facilities. Our principal manufacturing and engineering facilities, located in New York, California, Oklahoma, Oregon, Canada, U.K., Ireland and the Netherlands, are used primarily by the Document Technology segment. Our principal research facilities are located in California, New York, Canada, France and India. The research activities in our principal research centers benefit all of our operating segments. We lease and own several facilities worldwide to support our Services segment with larger concentrations of space in Texas, Kentucky, New Jersey, California, Mexico, Philippines, Jamaica and India. Our Corporate Headquarters is a leased facility located in Norwalk, Connecticut.

As a result of implementing our restructuring programs (refer to Note 10 - Restructuring and Asset Impairment Charges in the Consolidated Financial Statements, which is incorporated here by reference) as well as various productivity initiatives, several leased and owned properties became surplus. We are obligated to maintain our leased surplus properties through required contractual periods. We have disposed or subleased certain of these properties and are actively pursuing the successful disposition of remaining surplus properties.

We also own or lease numerous facilities globally, which house general offices, sales offices, service locations, data centers, call centers and distributions centers. It is our opinion that our properties have been well maintained, are in sound operating condition and contain all the necessary equipment and facilities to perform their functions. We believe that our current facilities are suitable and adequate for our current businesses.

ITEM 3. LEGAL PROCEEDINGS

The information set forth under Note 17 "Contingencies and Litigation" in the Consolidated Financial Statements is incorporated here by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Part II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Exchange Information

Xerox common stock (XRX) is listed on the New York Stock Exchange and the Chicago Stock Exchange.

Xerox Common Stock Prices and Dividends

New York Stock Exchange composite prices *	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2013				
High	$ 8.76	$ 9.49	$ 10.51	$ 12.23
Low	7.11	8.33	9.23	9.61
Dividends declared per share	0.0575	0.0575	0.0575	0.0575
2012				
High	$ 8.76	$ 8.15	$ 7.94	$ 7.39
Low	7.73	6.94	6.38	6.23
Dividends declared per share	0.0425	0.0425	0.0425	0.0425

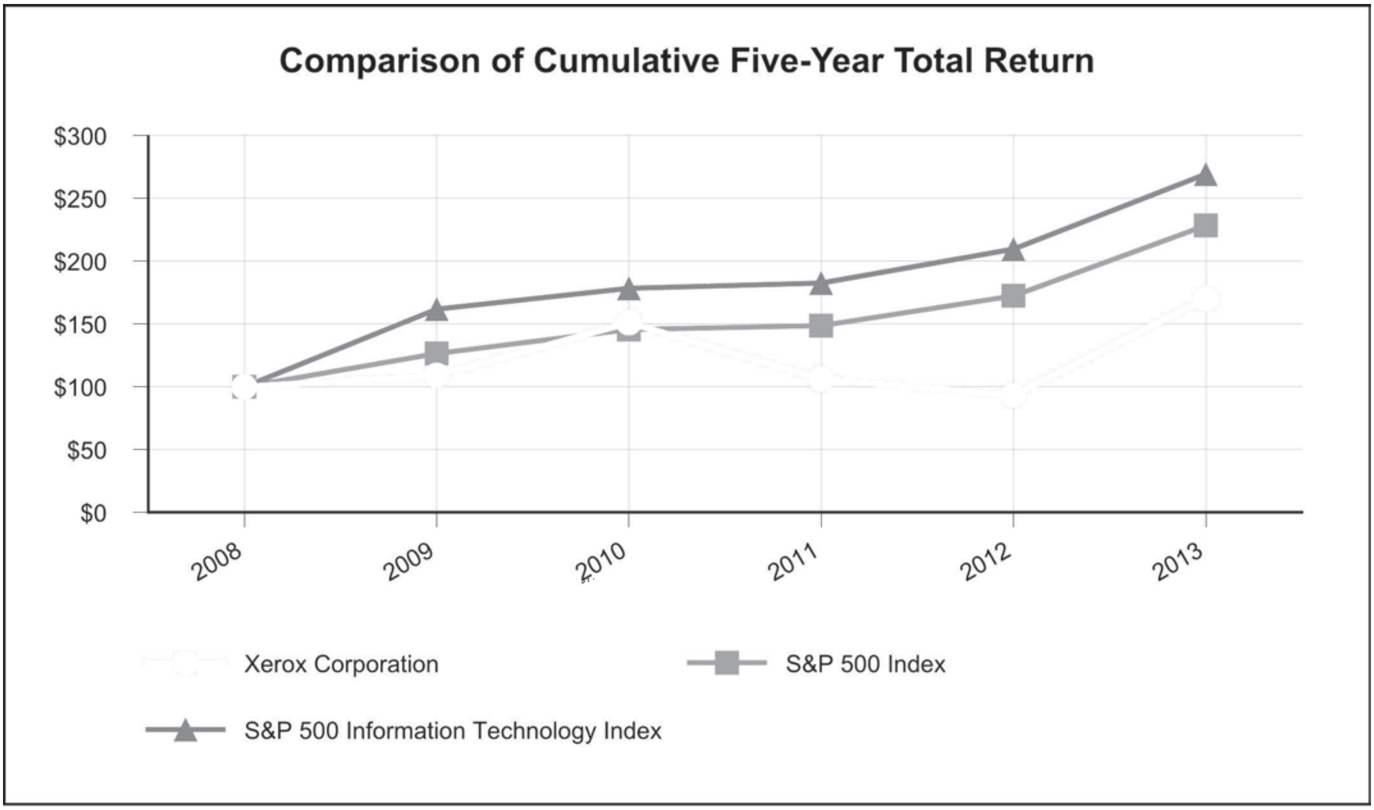
* *Price as of close of business.*

In January 2014, the Board of Directors approved an increase in the Company's quarterly cash dividend from 5.75 cents per share to 6.25 cents per share, beginning with the dividend payable April 30, 2014.

Common Shareholders of Record

See Item 6 - Selected Financial Data, Five Years in Review, Common Shareholders of Record at Year-End, which is incorporated here by reference.

PERFORMANCE GRAPH



Total Return To Shareholders

(Includes reinvestment of dividends)	Year Ended December 31, 2008	2009	2010	2011	2012	2013
Xerox Corporation	$ 100.00	$ 108.98	$ 151.00	$ 106.39	$ 93.24	$ 170.30
S&P 500 Index	100.00	126.46	145.51	148.59	172.37	228.19
S&P 500 Information Technology Index	100.00	161.72	178.20	182.50	209.55	269.13

Source: Standard & Poor's Investment Services
Notes: Graph assumes $100 invested on December 31, 2008 in Xerox, the S&P 500 Index and the S&P 500 Information Technology Index, respectively, and assumes dividends are reinvested.

SALES OF UNREGISTERED SECURITIES DURING THE QUARTER ENDED DECEMBER 31, 2013

During the quarter ended December 31, 2013, Registrant issued the following securities in transactions that were not registered under the Securities Act of 1933, as amended (the “Act”).

Dividend Equivalent

(a) Securities issued on October 31, 2013: Registrant issued 4,408 deferred stock units (DSUs), representing the right to receive shares of Common stock, par value $1 per share, at a future date.

(b) No underwriters participated. The shares were issued to each of the non-employee Directors of Registrant: Glenn A. Britt, Richard J. Harrington, William Curt Hunter, Robert J. Keegan, Robert A. McDonald, Charles Prince, Ann N. Reese, Sara Martinez Tucker and Mary Agnes Wilderotter.

(c) The DSUs were issued at a deemed purchase price of $10.31 per DSU (aggregate price $45,446), based upon the market value of our Common Stock on the date of record, in payment of the dividend equivalents due to DSU holders pursuant to Registrant's 2004 Equity Compensation Plan for Non-Employee Directors.

(d) Exemption from registration under the Act was claimed based upon Section 4(2) as a sale by an issuer not involving a public offering.

Issuer Purchases of Equity Securities During the Quarter Ended December 31, 2013

Repurchases of Xerox Common Stock, par value $1 per share include the following:

Board Authorized Share Repurchase Program:

	Total Number of Shares Purchased	Average Price Paid per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[2]	Maximum Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs[2]
October 1 through 31	7,223,202	$ 10.38	7,223,202	$ 1,062,105,745
November 1 through 30	18,582,549	10.54	18,582,549	1,366,170,836
December 1 through 31	22,000,684	11.45	22,000,684	1,114,257,534
Total	47,806,435		47,806,435	

(1) Exclusive of fees and costs.

(2) In November 2013, the Board of Directors authorized an additional $500 million in share repurchase. Of the cumulative $6.5 billion of share repurchase authority granted by our Board of Directors, exclusive of fees and expenses, approximately $5.4 billion has been used through December 31, 2013. Repurchases may be made on the open market, or through derivative or negotiated transactions. Open-market repurchases will be made in compliance with the Securities and Exchange Commission's Rule 10b-18, and are subject to market conditions, as well as applicable legal and other considerations.

Repurchases Related to Stock Compensation Programs[1]:

	Total Number of Shares Purchased	Average Price Paid per Share[2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased under the Plans or Programs
October 1 through 31	24,660	$ 10.49	n/a	n/a
November 1 through 30	10,896	10.02	n/a	n/a
December 1 through 31	—	—	n/a	n/a
Total	35,556			

(1) These repurchases are made under a provision in our restricted stock compensation programs for the indirect repurchase of shares through a net-settlement feature upon the vesting of shares in order to satisfy minimum statutory tax-withholding requirements.

(2) Exclusive of fees and costs.

ITEM 6. SELECTED FINANCIAL DATA

FIVE YEARS IN REVIEW
(in millions, except per-share data)

	2013	2012[1]	2011[1]	2010[1][2]	2009[1]
Per-Share Data					
Income from continuing operations					
Basic	$ 0.95	$ 0.89	$ 0.90	$ 0.43	$ 0.55
Diluted	0.93	0.87	0.88	0.42	0.54
Earnings					
Basic	0.93	0.90	0.92	0.44	0.56
Diluted	0.91	0.88	0.90	0.43	0.55
Common stock dividends declared	0.23	0.17	0.17	0.17	0.17
Operations					
Revenues	$ 21,435	$ 21,737	$ 21,900	$ 20,872	$ 14,376
Sales	5,659	5,927	6,400	6,473	5,843
Outsourcing, maintenance and rentals	15,293	15,213	14,868	13,739	7,820
Financing	483	597	632	660	713
Income from continuing operations	1,205	1,212	1,307	622	509
Income from continuing operations - Xerox	1,185	1,184	1,274	591	478
Net income	1,179	1,223	1,328	637	516
Net income - Xerox	1,159	1,195	1,295	606	485
Financial Position					
Working capital	$ 2,825	$ 2,363	$ 1,531	$ 2,222	$ 5,270
Total Assets	29,036	30,015	30,116	30,600	24,032
Consolidated Capitalization					
Short-term debt and current portion of long-term debt	$ 1,117	$ 1,042	$ 1,545	$ 1,370	$ 988
Long-term debt	6,904	7,447	7,088	7,237	8,276
Total Debt[3]	8,021	8,489	8,633	8,607	9,264
Liability to subsidiary trust issuing preferred securities	—	—	—	650	649
Series A convertible preferred stock	349	349	349	349	—
Xerox shareholders' equity	12,300	11,521	11,876	12,006	7,050
Noncontrolling interests	119	143	149	153	141
Total Consolidated Capitalization	$ 20,789	$ 20,502	$ 21,007	$ 21,765	$ 17,104
Selected Data and Ratios					
Common shareholders of record at year-end	37,552	39,397	41,982	43,383	44,792
Book value per common share	$ 10.35	$ 9.41	$ 8.88	$ 8.59	$ 8.11
Year-end common stock market price	$ 12.17	$ 6.82	$ 7.96	$ 11.52	$ 8.46
Employees at year-end	143,100	147,600	139,700	136,500	53,600
Gross margin	31.0%	32.0%	33.4%	35.2%	41.2%
Sales gross margin	36.1%	36.0%	36.3%	36.9%	36.8%
Outsourcing, maintenance and rentals gross margin	28.0%	29.0%	30.9%	33.1%	42.6%
Finance gross margin	66.3%	66.8%	63.4%	62.7%	62.0%

(1) 2009 through 2012 have been restated to reflect the 2013 disposition of our North American (Canada and U.S.) and Western European Paper businesses as Discontinued Operations. Refer to Note 3 - Acquisitions and Divestitures in our Consolidated Financial Statements, which is incorporated here by reference, for additional information.
(2) 2010 results include the acquisition of ACS.
(3) Includes capital lease obligations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis (MD&A) is intended to help the reader understand the results of operations and financial condition of Xerox Corporation. MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the accompanying notes. Throughout the MD&A, we refer to various notes to our Consolidated Financial Statements which appear in Item 8 of this 2013 Form 10-K, and the information contained in such notes is incorporated by reference into the MD&A in the places where such references are made.

Throughout this document, references to "we," "our," the "Company," and "Xerox" refer to Xerox Corporation and its subsidiaries. References to "Xerox Corporation" refer to the stand-alone parent company and do not include its subsidiaries.

Executive Overview

With revenues of $21.4 billion, we are the world's leading global enterprise for business process and document management solutions. We provide services, technology and expertise to enable our customers - from small businesses to large global enterprises - to focus on their core business and operate more effectively.

2013 marked the 75th anniversary of the first xerographic image, created by Chester Carlson to simplify the process of copying information. This xerographic process is still at the heart of most office printers and copiers around the world. From printers and multifunction devices, to business services and solutions for transportation, education, and healthcare, the Company's engineers, scientists and researchers are continuing to invent ways that make work, and life, a little simpler.

We are a leader across large, diverse and growing markets estimated at over $600 billion. Headquartered in Norwalk, Connecticut, the 143,100 people of Xerox serve customers in more than 160 countries providing business services, printing equipment and software for commercial and government organizations. In 2013, 32 percent of our revenue was generated outside the U.S.

We organize our business around two main segments: **Services** and **Document Technology**.

- Our **Services** segment is comprised of **business process outsourcing (BPO)**, **information technology outsourcing (ITO) and document outsourcing (DO)** services.

  A key priority in 2013 was continued growth in our services business. Revenue from Services grew 3% in 2013, reflecting growth from all three service offerings, BPO, ITO and DO, and represented 55% of our total revenues. Growth was below our expectations primarily due to lower than expected contributions from acquisitions and the effects of the run-off of our student loan business. In 2013, our Services signings grew as we continued to win in the marketplace. In 2013, we introduced a new government healthcare Medicaid platform and supported the launch of health insurance exchanges in several states. Across our services portfolio, the diversity of our offerings and the differentiated solutions we provide, enable us to deliver greater value to our customers.

- Our **Document Technology** segment is comprised of our document technology and related supplies, technical service and equipment financing (excluding contracts related to document outsourcing). Our product groups within this segment include Entry, Mid-Range and High-End products.

  In 2013 we focused on maintaining our leadership in Document Technology as well as improving our productivity to reduce our cost base. This strategy included the introduction of new products like our ConnectKey® enabled devices as well as steadily growing our channel operations to expand our reach to small and mid-sized businesses (SMB). Although Document Technology revenues declined 6% in 2013, in line with expectations, segment margin was 10.8%, at the high end of our targeted range of 9% to 11%.

Annuity-Based Business Model

In 2013, 84 percent of our total revenue was annuity-based, which includes contracted services, equipment maintenance, consumable supplies and financing, among other elements. Our annuity revenue significantly benefits from growth in Services. Some of the key indicators of annuity revenue growth include:

- Services business signings, which reflects the estimated future revenues from contracts signed during the period.
- Services renewal rate, which is defined as the annual recurring revenue (ARR) on contracts that are renewed during the period, calculated as a percentage of ARR on all contracts where a renewal decision was made during the period.
- Services pipeline growth, which measures the increase in new business opportunities.
- Installations of printers and multifunction printers as well as the number of machines in the field (MIF) and the page volume and mix of pages printed on color devices, where available.

Acquisitions

Consistent with our strategy to expand our Services offerings and expand and strengthen our product portfolio and distribution capabilities in Document Technology, we completed several acquisitions during 2013. Refer to Acquisitions and Divestitures in Item 1. Business in this Form 10-K as well as Note 3 - Acquisitions and Divestitures in our Consolidated Financial Statements for additional information regarding our 2013 acquisitions.

Financial Overview

Total revenue of $21.4 billion in 2013 declined 1% from the prior year, with a 1-percentage point positive impact from currency. Services segment revenues increased 3%, with no impact from currency, reflecting growth in all three of our Services offerings. Services segment margin of 9.8% decreased 0.4-percentage points from 2012, reflecting a decline in gross margin of 0.8-percentage points partially offset by productivity improvements and restructuring benefits. Document Technology segment revenues declined 6% with no impact from currency reflecting the continued migration of customers to Xerox managed print services, which is included in our Services segment, lower supplies sales, weakness in developing markets and price declines. These declines were partially offset by the benefits from the refresh of our mid-range products and improving trends on our high-end products. Document Technology segment margin of 10.8% decreased 0.5-percentage points from 2012.

Net income from continuing operations attributable to Xerox for 2013 was $1,185 million and included $205 million of after-tax amortization of intangible assets. Net income for 2013 reflects the continued pressure on margins, including the impacts from the run-off of the high-margin student loan business and the ramping of new contracts in Services as well as the effects of ongoing equipment price pressure in Document Technology. These impacts were partially offset by operational improvements and cost reductions from restructuring actions. Net income attributable to Xerox for 2012 was $1,184 million and included $203 million of after-tax amortization of intangible assets.

Cash flow from operations was $2.4 billion in 2013 as compared to $2.6 billion in 2012. The decrease in cash was primarily due to the impacts from prior year sales of finance receivables. This decrease was partially offset by lower pension contributions as working capital (accounts receivable, inventory and accounts payables) was roughly flat for the year. Cash used in investing activities of $452 million primarily reflects capital expenditures of $427 million and acquisitions of $155 million partially offset by proceeds from the sale of businesses and assets of $112 million. Cash used in financing activities was $1.4 billion, which primarily reflects $696 million for stock repurchases, $434 million of net payments on debt and $296 million for dividends.

During 2013 we sold our U.S. and Canadian (North American) and Western European (European) Paper businesses. As a result of these transactions, we reported these paper-related operations as Discontinued Operations. All prior period results were accordingly restated to conform to this presentation. Refer to Note 3 - Acquisitions and Divestitures in our Consolidated Financial Statements for additional information regarding discontinued operations.

We expect 2014 revenue in the range of flat to growing 2 percent, excluding the impact of currency. In our Services business, we expect mid-single digit revenue growth driven by 2013 signings growth, global expansion and additional acquisitions which increase our service capabilities and global footprint. Services margins are expected to be in the 10 to 11 percent range as we continue to focus on portfolio mix as well as productivity and cost improvements. In our Document Technology business, we expect a mid-single digit revenue decline. We expect to partially offset the projected declines in black-and-white printing by capitalizing on the most advantaged segments of the market including color, high-end graphic communications and SMB markets. Margins in Document Technology are expected to be in the 9 to 11 percent range, as we maintain our focus on productivity and cost improvements in light of the expected decline in revenues.

Currency Impact

To understand the trends in our business, we believe that it is helpful to analyze the impact of changes in the translation of foreign currencies into U.S. Dollars on revenue and expenses. We refer to this analysis as “currency impact” or “the impact from 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 the local country currency. Revenues and expenses from our developing market countries (Latin America, Brazil, the Middle East, India, Eurasia and Central-Eastern Europe) are analyzed at actual exchange rates for all periods presented, since these countries generally have unpredictable currency and inflationary environments, and our operations in these countries have historically implemented pricing actions to recover the impact of inflation and devaluation. We do not hedge the translation effect of revenues or expenses denominated in currencies where the local currency is the functional currency.

Approximately 32% of our consolidated revenues are derived from operations outside of the United States where the U.S. Dollar is normally not the functional currency. When compared with the average of the major European currencies and Canadian Dollar on a revenue-weighted basis, the U.S. Dollar was 1% weaker in 2013 and 5% stronger in 2012, each compared to the prior year. As a result, the foreign currency translation had a 1% positive impact on revenue in 2013 and a 1% detrimental impact on revenue in 2012.

Application of Critical Accounting Policies

In preparing our Consolidated Financial Statements and accounting for the underlying transactions and balances, we apply various accounting policies. Senior management has discussed the development and selection of the critical accounting policies, estimates and related disclosures included herein with the Audit Committee of the Board of Directors. We consider the policies discussed below as critical to understanding our Consolidated Financial Statements, as their application places the most significant demands on management's judgment, since financial reporting results rely on estimates of the effects of matters that are inherently uncertain. In instances where different estimates could have reasonably been used, we disclosed the impact of these different estimates on our operations. In certain instances, like revenue recognition for leases, the accounting rules are prescriptive; therefore, it would not have been possible to reasonably use different estimates. Changes in assumptions and estimates are reflected in the period in which they occur. The impact of such changes could be material to our results of operations and financial condition in any quarterly or annual period.

Specific risks associated with these critical accounting policies are discussed throughout the MD&A, where such policies affect our reported and expected financial results. For a detailed discussion of the application of these and other accounting policies, refer to Note 1 - Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Revenue Recognition

Application of the various accounting principles in GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates. Complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. Refer to Note 1 - Summary of Significant Accounting Policies - Revenue Recognition, in the Consolidated Financial Statements for additional information regarding our revenue recognition policies. Specifically, the revenue related to the following areas involves significant judgments and estimates:

- Bundled Lease Arrangements,
- Sales to Distributors and Resellers, and
- Services - Percentage-of-Completion.

Bundled Lease Arrangements - We sell our equipment under bundled lease arrangements, which typically include the equipment, service, supplies and a financing component for which the customer pays a single negotiated monthly fixed price for all elements over the contractual lease term. Approximately 37% of our equipment sales revenue is related to sales made under bundled lease arrangements. Recognizing revenues under these arrangements requires us to allocate the total consideration received to the lease and non-lease deliverables included in the bundled arrangement, based upon the estimated fair values of each element.

Sales to Distributors and Resellers - We utilize distributors and resellers to sell many of our Document Technology products to end-user customers. Sales to distributors and resellers are generally recognized as revenue when products are sold to such distributors and resellers. Distributors and resellers participate in various rebate, price-protection, cooperative marketing and other programs, and we record provisions and allowances for these programs as a reduction to revenue when the sales occur. Similarly, we also record estimates for sales returns and other discounts and allowances when the sales occur. We consider various factors, including a review of specific transactions and programs, historical experience and market and economic conditions when calculating these provisions and allowances. Approximately 10% of our revenues include sales to distributors and resellers and provisions and allowances recorded on these sales are approximately 19% of the associated gross revenues.

Revenue Recognition for Services - Percentage-of-Completion - A portion of our Services revenue is recognized using the percentage-of-completion (POC) accounting method. This method requires the use of estimates and judgment. Approximately 3% of our Services revenue uses the POC accounting method. Although not significant to total Services revenue, the POC methodology is normally applied to certain of our larger and longer term outsourcing contracts involving system development and implementation services. In addition, approximately $340 million of our Accounts receivable balance at December 31, 2013 of $2,929 million is related to our POC contracts.

The POC accounting methodology involves recognizing probable and reasonably estimable revenue using the percentage of services completed based on a current cumulative cost to estimated total cost basis and a reasonably consistent profit margin over the period. Due to the long-term nature of these arrangements, developing the estimates of cost often requires significant judgment. Factors that must be considered in estimating the progress of work completed and ultimate cost of the projects include, but are not limited to, the availability of labor and labor productivity, the nature and complexity of the work to be performed and the impact of delayed performance. If changes occur in delivery, productivity or other factors used in developing the estimates of costs or revenues, we revise our cost and revenue estimates, which may result in increases or decreases in revenues and costs. Such revisions are reflected in income in the period in which the facts that give rise to that revision become known. We perform ongoing profitability analysis of our POC services contracts in order to determine whether the latest estimates require updating. Key factors reviewed by the company to estimate the future costs to complete each contract are future labor costs, future product costs and expected productivity efficiencies. If at any time these estimates indicate the POC contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately in cost of services.

Allowance for Doubtful Accounts and Credit Losses

We continuously monitor collections and payments from our customers and maintain a provision for estimated credit losses based upon our historical experience adjusted for current conditions. We recorded bad debt provisions of $120 million, $119 million and $157 million in SAG expenses in our Consolidated Statements of Income for the years ended December 31, 2013, 2012 and 2011, respectively.

Bad debt provisions remained flat in 2013. Reserves, as a percentage of trade and finance receivables, were 3.5% at December 31, 2013, as compared to 3.3% at December 31, 2012 and 2011. We continue to assess our receivable portfolio in light of the current economic environment and its impact on our estimation of the adequacy of the allowance for doubtful accounts. In addition, although our bad debt provisions were relatively flat in Europe, this region continues to be a focus of our credit review and analysis.

As discussed above, we estimated our provision for doubtful accounts based on historical experience and customer-specific collection issues. This methodology was consistently applied for all periods presented. During the five year period ended December 31, 2013, our reserve for doubtful accounts ranged from 3.3% to 4.1% of gross receivables. Holding all assumptions constant, a 0.5-percentage point increase or decrease in the reserve from the December 31, 2013 rate of 3.5% would change the 2013 provision by approximately $39 million.

Refer to Note 4 - Accounts Receivables, Net and Note 5 - Finance Receivables, Net in the Consolidated Financial Statements for additional information regarding our allowance for doubtful accounts.

Pension Plan Assumptions

We sponsor defined benefit pension plans in various forms in several countries covering employees who meet eligibility requirements. Several statistical and other factors that attempt to anticipate future events are used in calculating the expense, liability and asset values related to our defined benefit pension plans. These factors include assumptions we make about the expected return on plan assets, discount rate, the rate of future compensation increases and mortality. Differences between these assumptions and actual experiences are reported as net actuarial gains and losses and are subject to amortization to net periodic benefit cost over future periods. Over the past several years, we have amended several of our major defined benefit pension plans to freeze current benefits and eliminate benefit accruals for future service. The freeze of current benefits is the primary driver of the reduction in pension service costs during 2013 and expected reductions in future periods. In certain plans we are required to continue to consider salary increases in determining the benefit obligation related to prior service.

Cumulative net actuarial losses for our defined benefit pension plans of $2.4 billion as of December 31, 2013 decreased by $855 million from December 31, 2012, reflecting the decrease in our benefit obligations as a result of a higher discount rate as well as 2013 settlement losses. The total actuarial loss will be amortized over future periods, subject to offsetting gains or losses that will impact the future amortization amounts.

We used a consolidated weighted average expected rate of return on plan assets of 6.7% for 2013, 6.9% for 2012 and 7.2% for 2011, on a worldwide basis. During 2013, the actual return on plan assets was $465 million as compared to an expected return of $496 million. When estimating the 2014 expected rate of return, in addition to assessing recent performance, we considered the historical returns earned on plan assets, the rates of return expected in the future, particularly in light of current economic conditions, and our investment strategy and asset mix with respect to the plans' funds. The weighted average expected rate of return on plan assets we will use in 2014 is 6.7%.

Another significant assumption affecting our defined benefit pension obligations and the net periodic benefit cost is the rate that we use to discount our future anticipated benefit obligations. In the U.S. and the U.K., which comprise approximately 75% of our projected benefit obligation, we consider the Moody's Aa Corporate Bond Index and the International Index Company's iBoxx Sterling Corporate AA Cash Bond Index, respectively, in the determination of the appropriate discount rate assumptions. The consolidated weighted average discount rate we used to measure our pension obligations as of December 31, 2013 and to calculate our 2014 expense was 4.4%; the rate used to calculate our obligations as of December 31, 2012 and our 2013 expense was 3.9%. The weighted average discount rate we used to measure our retiree health obligation as of December 31, 2013 and to calculate our 2014 expense was 4.5%; the rate used to calculate our obligation at December 31, 2012 and our 2013 expense was 3.6%.

Holding all other assumptions constant, a 0.25% increase or decrease in the discount rate would change the 2014 projected net periodic pension cost by $25 million. Likewise, a 0.25% increase or decrease in the expected return on plan assets would change the 2014 projected net periodic pension cost by $18 million.

One of the most significant and volatile elements of our net periodic defined benefit pension plan expense is settlement losses. Our primary domestic plans allow participants the option of settling their vested benefits through the receipt of a lump-sum payment.

We have elected to apply settlement accounting and, therefore, we recognize the losses associated with these settlements immediately upon the settlement of the vested benefits. Settlement accounting requires us to recognize a pro rata portion of the aggregate unamortized net actuarial losses upon settlement. As noted above, cumulative unamortized net actuarial losses were $2.4 billion at December 31, 2013, of which the U.S. primary domestic plans represented approximately $600 million. The pro rata factor is computed as the percentage reduction in the projected benefit obligation due to the settlement of a participant's vested benefit. Settlement accounting is only applied when the event of settlement occurs - i.e. the lump-sum payment is made. Since settlement is dependent on an employee's decision and election, the level of settlements and the associated losses can fluctuate significantly period to period. In 2013, settlement losses associated with our primary domestic pension plans amounted to $162 million and were $48 million, $31 million, $20 million and $63 million for the first through fourth quarters of 2013, respectively. Currently, on average, approximately $100 million of plan settlements will result in settlement losses of approximately $25 million. During the three years ended December 31, 2013, U.S. plan settlements were $838 million, $481 million and $598 million, respectively.

The following is a summary of our benefit plan costs and funding for the three years ended December 31, 2013 as well as estimated amounts for 2014:

	Estimated	Actual		
(in millions)	2014	2013	2012	2011
Defined benefit pension plans[(1)]	$ 45	$ 105	$ 218	$ 204
U.S. Settlement losses	100	162	82	80
U.S. Curtailment gain[(2)]	—	—	—	(107)
Defined contribution plans	105	96	63	66
Retiree health benefit plans	3	1	11	14
Total Benefit Plan Expense	$ 253	$ 364	$ 374	$ 257

(1) Excludes U.S. settlement losses.
(2) Refer to the "Plan Amendment" section in Note 15 - Employee Benefit Plans in the Consolidated Financial Statements for further information.

Our estimated 2014 defined benefit pension plan cost is expected to be approximately $111 million lower than 2013, primarily driven by the U.K. and Canadian defined benefit plan freeze at December 31, 2013, which eliminated approximately $55 million of service costs, as well as lower projected U.S. settlement losses of $62 million. Offsetting the decrease in our defined benefit pension plan expense is an increase in expense associated with our defined contribution plans as employees from those defined benefit pension plans that have been amended to freeze future service accruals are transitioned to enhanced defined contribution plans.
Benefit plan costs are included in several income statement components based on the related underlying employee costs.

	Estimated	Actual		
(in millions)	2014	2013	2012	2011
Defined benefit pension plans:				
Cash	$ 250	$ 230	$ 364	$ 426
Stock	—	—	130	130
Total	250	230	494	556
Defined contribution plans	105	96	63	66
Retiree health benefit plans	71	77	84	73
Total Benefit Plan Funding	$ 426	$ 403	$ 641	$ 695

Refer to Note 15 - Employee Benefit Plans in the Consolidated Financial Statements for additional information regarding defined benefit pension plan assumptions, expense and funding.

Income Taxes

We record the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in our Consolidated Balance Sheets, as well as operating loss and tax credit carryforwards. We follow very specific and detailed guidelines in each tax jurisdiction regarding the recoverability of any tax assets recorded in our Consolidated Balance Sheets and provide valuation allowances as required. We regularly review our deferred tax assets for recoverability considering historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. Adjustments to our valuation allowance, through charges (credits) to income tax expense, were $2 million, $(9) million and $(5) million for the years ended December 31, 2013, 2012 and 2011, respectively. There were other decreases to our valuation allowance, including the effects of currency, of $42 million, $14 million and $53 million for the years ended December 31, 2013, 2012 and 2011, respectively. These did not affect income tax expense in total as there was a corresponding adjustment to deferred tax assets or other comprehensive income. Gross deferred tax assets of $3.4 billion and $3.8 billion had valuation allowances of $614 million and $654 million at December 31, 2013 and 2012, respectively.

We are subject to ongoing tax examinations and assessments in various jurisdictions. Accordingly, we may incur additional tax expense based upon our assessment of the more-likely-than-not outcomes of such matters. In addition, when applicable, we adjust the previously recorded tax expense to reflect examination results. Our ongoing assessments of the more-likely-than-not outcomes of the examinations and related tax positions require judgment and can materially increase or decrease our effective tax rate, as well as impact our operating results. Unrecognized tax benefits were $267 million, $201 million and $225 million at December 31, 2013, 2012 and 2011, respectively.

Refer to Note 16 - Income and Other Taxes in the Consolidated Financial Statements for additional information regarding deferred income taxes and unrecognized tax benefits.

Business Combinations and Goodwill

The application of the purchase method of accounting for business combinations requires the use of significant estimates and assumptions in the determination of the fair value of assets acquired and liabilities assumed in order to properly allocate purchase price consideration between assets that are depreciated and amortized from goodwill. Our estimates of the fair values of assets and liabilities acquired are based upon assumptions believed to be reasonable, and when appropriate, include assistance from independent third-party valuation firms. Refer to Note 3 - Acquisitions and Divestitures in the Consolidated Financial Statements for additional information regarding the allocation of the purchase price consideration for our acquisitions.

As a result of our acquisition of ACS, as well as other acquisitions including GIS, we have a significant amount of goodwill. Goodwill at December 31, 2013 was $9.2 billion. Goodwill is not amortized but rather is tested for impairment annually or more frequently if an event or circumstance indicates that an impairment may have been incurred. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors, supply costs, unanticipated competitive activities and acts by governments and courts.

Application of the annual goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units and the assessment - qualitatively or quantitatively - of the fair value of each reporting unit against its carrying value. At December 31, 2013, $6.8 billion and $2.4 billion of goodwill was allocated to reporting units within our Services and Document Technology segments, respectively. Our Services segment is comprised of four reporting units while our Document Technology segment is comprised of one reporting unit for a total of five reporting units with goodwill balances.

Our annual impairment test of goodwill was performed in the fourth quarter of 2013. Consistent with 2012, we elected to utilize a quantitative assessment of the recoverability of our goodwill balances for each of our reporting units.

In our quantitative test, we estimate the fair value of each reporting unit by weighting the results from the income approach (discounted cash flow methodology) and market approach. These valuation approaches require significant judgment and consider a number of factors that include, but are not limited to, expected future cash flows, growth rates and discount rates, and comparable multiples from publicly traded companies in our industry and require us to make certain assumptions and estimates regarding the current economic environment, industry factors and the future profitability of our businesses.

When performing our discounted cash flow analysis for each reporting unit, we incorporate the use of projected financial information and discount rates that are developed using market participant-based assumptions. The cash-flow projections are based on three-year financial forecasts developed by management that include revenue and expense projections, capital spending trends, and investment in working capital to support anticipated revenue growth or other changes in the business. The selected discount rates consider the risk and nature of the respective reporting units' cash flows and an appropriate capital structure and rates of return that market participants would require to invest their capital in our reporting units.

In performing our 2013 impairment test, the following were the 3-year assumptions for Document Technology and the four reporting units within our Services segment with respect to revenue, operating income and margins, which formed the basis for estimating future cash flows used in the discounted cash flow model:

- Document Technology - revenue decline: 2%-3% - with higher declines in 2014 and moderating in 2015-2016, operating income growth: flat-1%, and operating margin: 10%-11% - as we continue to manage costs as a result of an expected decline in revenues.

- Services - revenue growth: 5%-6%, operating income growth: 9%-12%, and operating margin: 10%-12% - as we benefit from recurring revenue and prior year signings while improving the mix of services and restructuring the businesses to achieve operating margin growth.

We believe these assumptions are appropriate because they are consistent with historical results as well as our forecasted long-term business model and give appropriate consideration to the current economic environment and markets that we serve. The average discount rate applied to our projected cash flows was approximately 10%, which we considered reasonable based on the estimated capital costs of applicable market participants. Although the sum of the fair values of our reporting units was in excess of our market capitalization, we believe the difference is reasonable when market-based control premiums and other factors are taken into consideration, including the evolution of our business to be predominantly services-based.

When performing our market approach for each reporting unit, we rely specifically on the guideline public company method. Our guideline public company method incorporates revenues and earnings multiples from publicly traded companies with operations and other characteristics similar to each reporting unit. The selected multiples consider each reporting unit’s relative growth, profitability, size and risk relative to the selected publicly traded companies.

After completing our annual impairment reviews for each reporting unit in the fourth quarter of 2013 and 2012, we concluded that goodwill was not impaired in either of these years. In 2013, no reporting unit had an excess of fair value over carrying value of less than 20%. Our impairment assessment methodology includes the use of outside valuation experts and the inclusion of factors and assumptions related to third-party market participants. Subsequent to our fourth quarter impairment test, we did not identify any indicators of potential impairment that required an update to the annual impairment test.

Refer to Note 9 - Goodwill and Intangible Assets, Net in the Consolidated Financial Statements for additional information regarding goodwill by reportable segment.

Revenue Results Summary

Total Revenue

Revenue for the three years ended December 31, 2013 was as follows:

(in millions)	Revenues 2013	Revenues 2012	Revenues 2011	Change 2013	Change 2012	Percent of Total Revenue 2013	Percent of Total Revenue 2012	Percent of Total Revenue 2011
Equipment sales	$ 3,359	$ 3,476	$ 3,856	(3)%	(10)%	16%	16%	18%
Annuity revenue	18,076	18,261	18,044	(1)%	1 %	84%	84%	82%
Total Revenue	$ 21,435	$ 21,737	$ 21,900	(1)%	(1)%	100%	100%	100%
Reconciliation to Consolidated Statements of Income:								
Sales	$ 5,659	$ 5,927	$ 6,400					
Less: Supplies, paper and other sales	(2,300)	(2,451)	(2,544)					
Equipment Sales	$ 3,359	$ 3,476	$ 3,856	(3)%	(10)%	16%	16%	18%
Outsourcing, maintenance and rentals	$ 15,293	$ 15,213	$ 14,868	1 %	2 %	71%	70%	68%
Add: Supplies, paper and other sales	2,300	2,451	2,544	(6)%	(4)%	11%	11%	11%
Add: Financing	483	597	632	(19)%	(6)%	2%	3%	3%
Annuity Revenue	$ 18,076	$ 18,261	$ 18,044	(1)%	1 %	84%	84%	82%

Revenue 2013

Total revenues decreased 1% compared to the prior year and included 1-percentage point positive impact from currency. Total revenues included the following:

- **Annuity revenue** decreased 1% compared to prior year with no impact from currency. Annuity revenue is comprised of the following:
  - Outsourcing, maintenance and rentals revenue includes outsourcing revenue within our Services segment and technical service revenue (including bundled supplies) and rental revenue, both primarily within our Document Technology segment. Revenues of $15,293 million increased 1% from the prior year and included a 1-percentage point positive impact from currency. The increase was primarily driven by growth in all three outsourcing offerings in our Services segment partially offset by a decline in maintenance revenue due to moderately lower page volumes and revenue per page. Total digital page volumes declined 2% despite a 3% increase in digital MIF.
  - Supplies, paper and other sales includes unbundled supplies and other sales, primarily within our Document Technology segment. Revenues of $2,300 million decreased 6% from the prior year with no impact from currency. The decrease was primarily driven by a reduction in channel supplies inventories in the U.S. and developing markets, moderately lower supplies and paper demand, and lower licensing sales.
  - Financing revenue is generated from financed sale transactions primarily within our Document Technology segment. Financing revenues decreased 19% from the prior year reflecting a lower balance of finance receivables as a result of prior period sales of receivables and lower originations due to decreased equipment sales. Financing revenues in 2013 include gains of $40 million from the sales of finance receivables as compared to $44 million in 2012. Refer to the discussion on *Sales of Finance Receivable* in the *Capital Resources and Liquidity* section as well as Note 5 - Finance Receivables, Net in the Consolidated Financial Statements for additional information.

- **Equipment sales revenue** is reported primarily within our Document Technology segment and the Document Outsourcing business within our Services segment. Equipment sales revenue decreased 3% from the prior year, including a 1-percentage point positive impact from currency. Benefits from new product introductions and a positive mix impact were more than offset by lower sales in developing markets and price declines ranging from 5% to 10%, which is consistent with prior years.

Revenue 2012 Total revenues decreased 1% compared to the prior year and included a 1-percentage point negative impact from currency. Total revenues included the following:

- **Annuity revenue** increased 1% and included a 1-percentage point negative impact from currency. Annuity revenue is comprised of the following:
  - Outsourcing, maintenance and rentals revenue include outsourcing revenue within our Services segment and technical service revenue (including bundled supplies) and rental revenue, both primarily within our Document Technology segment. Revenues of $15,213 million increased 2% and included a 2-percentage point negative impact from currency. The increase was primarily driven by growth in all three outsourcing offerings in our Services segment partially offset by a decline in technical service revenues. Total digital pages declined 2% despite a 3% increase in digital MIF.
  - Supplies, paper and other sales include unbundled supplies and other sales, primarily within our Document Technology segment. Revenues of $2,451 million decreased 4% and included a 1-percentage negative impact from currency. The decrease was primarily due to moderately lower demand.
  - Financing revenue is generated from financed sale transactions primarily within our Document Technology segment. The decrease of 6% from 2011 reflects a lower balance of finance receivables primarily from lower originations due to decreased equipment sales. The decrease was partially offset by $44 million in gains from the sale of finance receivables from our Document Technology segment. Refer to the discussion on *Sales of Finance Receivable* in the *Capital Resources and Liquidity* section as well as to Note 5 - Finance Receivables, Net in the Consolidated Financial Statements for additional information.

- **Equipment sales revenue** is reported primarily within our Document Technology segment and the document outsourcing business within our Services segment. Equipment sales revenue decreased 10% and included a 2-percentage point negative impact from currency primarily driven by delayed customer decision-making and overall weak economic and market conditions. An increase in total product installs was offset by the impact of lower product mix and price declines. Price declines were in the range of 5% to 10%.

An analysis of the change in revenue for each business segment is included in the "Operations Review of Segment Revenue and Profit" section.

Costs, Expenses and Other Income

Summary of Key Financial Ratios

	Year Ended December 31,			Change	
	2013	2012	2011	2013	2012
Total Gross Margin	31.0%	32.0%	33.4%	(1.0) pts	(1.4) pts
RD&E as a % of Revenue	2.8%	3.0%	3.3%	(0.2) pts	(0.3) pts
SAG as a % of Revenue	19.3%	19.4%	20.2%	(0.1) pts	(0.8) pts
Operating Margin(1)	8.9%	9.5%	10.0%	(0.6) pts	(0.5) pts
Pre-tax Income Margin	6.1%	6.1%	7.0%	— pts	(0.9) pts

Operating Margin

The operating margin[1] for the year ended December 31, 2013 of 8.9% decreased 0.6-percentage points as compared to 2012. The decline was driven primarily by a decline in gross margin of 1.0-percentage points partially offset by a moderate improvement in operating expenses as a percent of revenue. The operating margin decline reflects continued pressure on Services margins from higher healthcare platform expenses and the run-off of the student loan business, as well as from higher pension settlement costs impacting Document Technology.

The operating margin[1] for the year ended December 31, 2012 of 9.5% decreased 0.5-percentage points as compared to 2011. The decline, which was primarily in our Services segment due to a decrease in gross margin, was partially offset by expense reductions.

(1) See the "Non-GAAP Financial Measures" section for an explanation of the Operating Margin non-GAAP financial measure.

Gross Margins

Total Gross Margin

Total gross margin for year ended December 31, 2013 of 31.0% decreased 1.0-percentage points as compared to 2012. The decrease was driven by margin declines within the Services segment as well as the continued increase in services revenue as a percent of total revenue.

Gross margin for year ended December 31, 2012 of 32.0% decreased 1.4-percentage points as compared to 2011. The decrease was driven by the overall mix of services revenue, the ramping of new services contracts and pressure on government contracts, particularly in the third quarter 2012. These negative impacts were partially offset by productivity improvements and cost savings from restructuring.

Services Gross Margin

Services gross margin for the year ended December 31, 2013 decreased 0.8-percentage points as compared to 2012. The decrease is primarily due to revenue mix in the segment, the run-off of our student loan business, lower volumes in some areas of the business and higher healthcare platform costs. These impacts were only partially offset by productivity improvements and restructuring benefits.

Services gross margin for the year ended December 31, 2012 decreased 1.7-percentage points as compared to 2011. The decrease is primarily due to the ramping of new services contracts within BPO and ITO and pressure on government contracts, particularly in the third quarter 2012.

Document Technology Gross Margin

Document Technology gross margin for the year ended December 31, 2013 increased by 0.1-percentage points as compared to 2012. The increase was driven by cost productivities and favorable transaction currency on our Yen based purchases, which more than offset the impact of price declines and mix.

Document Technology gross margin for the year ended December 31, 2012 increased by 0.1-percentage points as compared to 2011. Productivity improvements, restructuring savings and gains recognized on the sales of finance receivables more than offset the impact of price declines, product mix and the unfavorable year-over-year impact of transaction currency.

Research, Development and Engineering Expenses (RD&E)

	Year Ended December 31,			Change	
(in millions)	2013	2012	2011	2013	2012
R&D	$ 479	$ 545	$ 611	$ (66)	$ (66)
Sustaining engineering	122	110	108	12	2
Total RD&E Expenses	$ 601	$ 655	$ 719	$ (54)	$ (64)
R&D Investment by Fuji Xerox[1]	$ 724	$ 860	$ 880	$ (136)	$ (20)

(1) *Fluctuation in Fuji Xerox R&D was primarily due to changes in foreign exchange rates.*

RD&E as a percent of revenue for the year ended December 31, 2013 of 2.8% decreased 0.2-percentage points. The decrease was driven by the higher mix of Services revenue (which historically has a lower RD&E as a percentage of revenue) lower spending and productivity improvements.

RD&E of $601 million for the year ended December 31, 2013, was $54 million lower reflecting the impact of restructuring and productivity improvements.

Innovation is one of our core strengths and we continue to invest at levels that enhance this core strength, particularly in services, color and software. During 2013 we managed our investments in R&D to align with growth opportunities in areas like business services, color printing and customized communication. Our R&D is also strategically coordinated with Fuji Xerox.

RD&E as a percent of revenue for the year ended December 31, 2012 of 3.0% decreased 0.3-percentage points. In addition to lower spending, the decrease was also driven by the positive mix impact of the continued growth in Services revenue, which historically has a lower RD&E percent of revenue.

RD&E of $655 million for the year ended December 31, 2012, was $64 million lower, reflecting the impact of restructuring and productivity improvements.

Selling, Administrative and General Expenses (SAG)

SAG as a percent of revenue of 19.3% decreased 0.1-percentage point for the year ended December 31, 2013.

SAG expenses of $4,137 million for the year ended December 31, 2013 were $79 million lower than the prior year period. The decrease in SAG expense reflects the following:

- $61 million decrease in selling expenses reflecting the benefits from restructuring and productivity improvements, as well as lower compensation-related expenses and advertising spending partially offset by the impact of acquisitions.
- $19 million decrease in general and administrative expenses as restructuring savings and productivity improvements were partially offset by the impact of acquisitions and increased consulting costs.
- $1 million increase in bad debt expenses to $120 million.

SAG as a percent of revenue of 19.4% decreased 0.8-percentage points for the year ended December 31, 2012. The decrease was driven by spending reductions reflecting benefits from restructuring and productivity improvements in addition to the positive mix impact from the continued growth in Services revenue, which historically has a lower SAG percent to revenue.

SAG expenses of $4,216 million for the year ended December 31, 2012 was $205 million lower than the prior year period including a $60 million favorable impact from currency. The SAG expense decrease reflects the following:

- $236 million decrease in selling expenses reflecting the benefits from restructuring, productivity improvements and decrease in brand advertising partially offset by the impact of acquisitions.
- $69 million increase in general and administrative expenses, as restructuring savings and productivity improvements were more than offset by the impact of acquisitions and deferred compensation expense.
- $38 million decrease in bad debt expense to $119 million, driven primarily by lower write-offs in Europe.

Restructuring and Asset Impairment Charges

During the year ended December 31, 2013, we recorded net restructuring and asset impairment charges of $116 million ($81 million after-tax). Approximately 34% of the charges were related to our Services segment and 66% to our Document Technology segment and included the following:

- $142 million of severance costs related to headcount reductions of approximately 4,900 employees globally. The actions impacted several functional areas, and approximately 65% of the costs were focused on gross margin improvements, 34% on SAG and 1% on the optimization of RD&E investments.
- $2 million for lease termination costs primarily reflecting continued optimization of our worldwide operating locations.
- $1 million of asset impairment losses.

The above charges were partially offset by $29 million of net reversals for changes in estimated reserves from prior period initiatives.

We expect 2014 pre-tax savings of approximately $150 million from our 2013 restructuring actions.

During the year ended December 31, 2012, we recorded net restructuring and asset impairment charges of $154 million ($98 million after-tax). Approximately 46% of the charges were related to our Services segment and 54% to our Document Technology segment and included the following:

- $161 million of severance costs related to headcount reductions of approximately 6,300 employees primarily in North America. The actions impacted several functional areas, and approximately 63% of the costs were focused on gross margin improvements, 31% on SAG and 6% on the optimization of RD&E investments.
- $5 million for lease termination costs primarily reflecting continued optimization of our worldwide operating locations.
- $2 million of asset impairment losses.

The above charges were partially offset by $14 million of net reversals for changes in estimated reserves from prior period initiatives.

Restructuring Summary

The restructuring reserve balance as of December 31, 2013 for all programs was $116 million, of which approximately $108 million is expected to be spent over the next twelve months. In the first quarter 2014, we expect to incur additional restructuring charges of approximately $0.01 per diluted share for actions and initiatives that have not yet been finalized. This charge compares to an $8 million net benefit recorded in the first quarter 2013 due to net reversals from prior periods initiatives exceeding charges incurred in the quarter.

Refer to Note 10 - Restructuring and Asset Impairment Charges in the Consolidated Financial Statements for additional information regarding our restructuring programs.

Amortization of Intangible Assets

During the year ended December 31, 2013, we recorded $332 million of expense related to the amortization of intangible assets, which is $4 million higher than the prior year reflecting the increase in acquisitions in 2012.

During the year ended December 31, 2012, we recorded $328 million of expense related to the amortization of intangible assets, which was $70 million lower than the prior year. 2011 included the $52 million accelerated amortization of the ACS trade name, which was fully written off in 2011, as a result of the decision to discontinue its use and transition the services business to the use of the "Xerox" trade name. The impact from the write-off of the ACS trade name was partially offset by the amortization of intangible assets associated with current and prior-year acquisitions.

Refer to Note 9 - Goodwill and Intangible assets, Net in the Consolidated Financial Statements for additional information regarding our intangible assets.

Curtailment Gain

In December 2011, we amended all of our primary non-union U.S. defined benefit pension plans for salaried employees to fully freeze benefit and service accruals after December 31, 2012. As a result of these plan amendments, we recognized a pre-tax curtailment gain of $107 million ($66 million after-tax), which represents the recognition of deferred gains from other prior year amendments (prior service credits) as a result of the discontinuation (freeze) of any future benefit or service accrual period. The amendments did not materially impact 2012 pension expense.

Refer to Note 15 - Employee Benefit Plans in the Consolidated Financial Statements for additional information regarding our plan amendments.

Worldwide Employment

Worldwide employment of 143,100 at December 31, 2013 decreased approximately 4,500 from December 31, 2012, primarily due to restructuring-related actions, normal attrition outpacing hiring and a slower pace of acquisitions. Worldwide employment was approximately 147,600 and 139,700 at December 2012 and 2011, respectively.

Other Expenses, Net

	Year Ended December 31,		
(in millions)	2013	2012	2011
Non-financing interest expense	$ 243	$ 232	$ 247
Interest income	(11)	(13)	(21)
(Gains) losses on sales of businesses and assets	(64)	2	(9)
Currency (gains) losses, net	(7)	3	12
Litigation matters	(34)	(1)	11
Loss on sales of accounts receivables	17	21	20
Loss on early extinguishment of liability	—	—	33
Deferred compensation investment gains	(15)	(10)	—
All other expenses, net	21	27	33
Total Other Expenses, Net	$ 150	$ 261	$ 326

Note: With the exception of Deferred compensation investment gains, all items comprising Other Expense, Net are reported in the Other segment. Deferred compensation investment gains are reported in the Services segment as an offset to the associated compensation expense - see below.

Non-Financing Interest Expense: Non-financing interest expense for the year ended December 31, 2013 of $243 million was $11 million higher than prior year primarily due to a higher average cost of debt. When non-financing interest expense is combined with financing interest expense (cost of financing), total company interest expense declined by $24 million from the prior year, primarily driven by a lower total average debt balance partially offset by a higher average cost of debt.

Refer to Note 12 - Debt in the Consolidated Financial Statements for additional information regarding our allocation of interest expense.

Non-financing interest expense for the year ended December 31, 2012 of $232 million was $15 million lower than the prior year. The decrease in interest expense is primarily due to the benefit of lower borrowing costs achieved as a result of refinancing existing debt. When non-financing interest expense is combined with financing interest expense (cost of financing), total company interest expense declined by $48 million from the prior year.

(Gains) Losses on Sales of Businesses and Assets: The 2013 gains on sales of businesses and assets include the following transactions:

- A $29 million gain on the sale of a portion of our Wilsonville, Oregon product design, engineering and chemistry group and related assets that were surplus to our needs for $32.5 million in cash to 3D Systems, Inc. (3D Systems). The sale involved the transfer of approximately 100 engineers and contractors to 3D Systems. The related assets include laboratory, testing and modeling equipment. The sale also included a grant of a non-exclusive license to certain patents and non-patented intellectual property to enable 3D Systems to continue development of certain technologies associated with the transferred employees and related assets.
- A $23 million gain on the sale of a surplus facility in the U.S.
- An $8 million gain on the sale of a surplus facility in Latin America.

Currency (Gains) Losses, Net: Currency (gains) losses primarily result from the re-measurement of foreign currency-denominated assets and liabilities, the cost of hedging foreign currency-denominated assets and liabilities and the mark-to-market of foreign exchange contracts utilized to hedge those foreign currency-denominated assets and liabilities. The 2011 net currency losses were primarily due to the significant movement in exchange rates during the third quarter of 2011 among the U.S. Dollar, Euro, Yen and several developing market currencies.

Litigation Matters: Litigation matters for 2013 of $(34) million primarily reflects the benefit resulting from a reserve reduction related to litigation developments.

Litigation matters for 2012 and 2011 primarily represent charges related to probable losses for various legal matters, none of which were individually material. Refer to Note 17 - Contingencies and Litigation, in the Consolidated Financial Statements for additional information regarding litigation against the Company.

Loss on Sales of Accounts Receivables: Represents the loss incurred on our sales of accounts receivables. Refer to "Sales of Accounts Receivables" below and Note 4 - Accounts Receivables, Net in the Consolidated Financial Statements for additional information regarding our sales of receivables.

Loss on Early Extinguishment of Liability: The 2011 loss of $33 million was related to the redemption by Xerox Capital Trust I, our wholly-owned subsidiary trust, of its $650 million 8% Preferred Securities due in 2027. The redemption resulted in a pre-tax loss of $33 million ($20 million after-tax), representing the call premium of approximately $10 million, as well as the write-off of unamortized debt costs and other liability carrying value adjustments of $23 million.

Deferred Compensation Investment Gains: Represents gains on investments supporting certain of our deferred compensation arrangements. These gains or losses are offset by an increase or decrease, respectively, in compensation expense recorded in SAG in our Services segment as a result of the increase or decrease in the liability associated with these arrangements.

Income Taxes

The 2013 effective tax rate was 21.0% or 24.5% on an adjusted basis[1]. The adjusted tax rate for 2013 was lower than the U.S. statutory tax rate primarily due to foreign tax credits resulting from actual and anticipated dividends from our foreign subsidiaries, the geographical mix of income and the retroactive tax benefits from the American Taxpayer Relief Act of 2012 tax law change of approximately $19 million. These benefits were partially offset by the discrete impact of $12 million for the U.K. corporate income tax rate reduction and the corresponding adjustment to our U.K. deferred tax assets.

The 2012 effective tax rate was 20.4% or 23.9% on an adjusted basis[1]. The adjusted tax rate for 2012 was lower than the U.S. statutory rate primarily due to foreign tax credits resulting from anticipated dividends and other foreign transactions as well as the geographical mix of profits. In addition, a net tax benefit from adjustments of certain unrecognized tax positions and deferred tax valuation allowances was offset by a similar impact on deferred tax assets from the 2012 reduction in the U.K. corporate income tax rate.

The 2011 effective tax rate was 24.6% or 27.5% on an adjusted basis[1]. The adjusted tax rate for 2011 was lower than the U.S. statutory rate primarily due to the geographical mix of profits as well as a higher foreign tax credit benefit as a result of our decision to repatriate current year income from certain non-U.S. subsidiaries.

Xerox operations are widely dispersed. The statutory tax rate in most non U.S. jurisdictions is lower than the combined U.S. and state tax rate. The amount of income subject to these lower foreign rates relative to the amount of U.S. income will impact our effective tax rate. However, no one country outside of the U.S. is a significant factor to our overall effective tax rate. Certain foreign income is subject to U.S. tax net of any available foreign tax credits. Our full year effective tax rate for 2013 includes a benefit of 11.9-percentage points from these non-U.S. operations. Refer to Note 16 - Income and Other Taxes, in the Consolidated Financial Statements for additional information regarding the geographic mix of income before taxes and the related impacts on our effective tax rate.

Our effective tax rate is based on nonrecurring events as well as recurring factors, including the taxation of foreign income. In addition, our effective tax rate will change based on discrete or other nonrecurring events (e.g. audit settlements, tax law changes, changes in valuation allowances, etc.) that may not be predictable. Excluding the effects of intangibles amortization and other discrete items, we anticipate that our adjusted effective tax rate will be approximately 25% to 27% for 2014.

(1) See the "Non-GAAP Financial Measures" section for an explanation of the adjusted effective tax rate non-GAAP financial measure.

Equity in Net Income of Unconsolidated Affiliates

	Year Ended December 31,		
(in millions)	2013	2012	2011
Total equity in net income of unconsolidated affiliates	$ 169	$ 152	$ 149
Fuji Xerox after-tax restructuring costs	9	16	19

Equity in net income of unconsolidated affiliates primarily reflects our 25% share of Fuji Xerox.

Refer to Note 8 - Investment in Affiliates, at Equity, in the Consolidated Financial Statements for additional information regarding our investment in Fuji Xerox.

Net Income From Continuing Operations

Net income from continuing operations attributable to Xerox for the year ended December 31, 2013 was $1,185 million, or $0.93 per diluted share. On an adjusted basis[1], net income attributable to Xerox was $1,390 million, or $1.09 per diluted share, and included adjustments for the amortization of intangible assets. The increase in earnings per diluted share reflects a lower average share count as a result of share repurchases over the last two years.

Net income from continuing operations attributable to Xerox for the year ended December 31, 2012 was $1,184 million, or $0.87 per diluted share. On an adjusted basis[1], net income attributable to Xerox was $1,387 million, or $1.02 per diluted share, and included adjustments for the amortization of intangible assets.

Net income from continuing operations attributable to Xerox for the year ended December 31, 2011 was $1,274 million, or $0.88 per diluted share. On an adjusted basis[1], net income attributable to Xerox was $1,542 million, or $1.06 per diluted share, and included adjustments for the amortization of intangible assets and the loss on early extinguishment of liability.

(1) See the "Non-GAAP Financial Measures" section for a reconciliation of reported net income from continuing operations to adjusted net income.

Discontinued Operations

During 2013, in connection with our decision to exit from the Paper distribution business, we completed the sale of our North American (N.A.) and European Paper businesses. The decision to exit the Paper distribution business was largely the result of management's objective to focus more on Services and innovative Document Technology. As a result of these transactions, we reported these paper-related operations as Discontinued Operations and reclassified their results from the Other segment to Discontinued Operations. All prior periods have been restated to conform to this presentation.

Refer to Note 3 - Acquisitions and Divestitures, in the Consolidated Financial Statements for additional information regarding Discontinued Operations.

Other Comprehensive Income

2013 Other comprehensive income attributable to Xerox of $448 million increased $959 million from 2012. The increase was primarily the result of gains associated with our defined benefit plans due to an increase in the discount rates used to measure our benefit obligations (Refer to our discussion of Pension Plan Assumptions in the Application of Critical Accounting Policies section of the MD&A as well as Note 15 - Employee Benefit Plans in the Consolidated Financial Statements for additional information). These gains were partially offset by losses from the translation of our foreign currency-denominated net assets in 2013 as compared to translation gains in 2012. The translation losses are the result of the weakening of our major foreign currencies against the U.S. Dollar in 2013 as compared to a strengthening of those same currencies in 2012.

2012 Other comprehensive loss attributable to Xerox of $511 million decreased $217 million from 2011. The decreased loss was primarily due to gains from the translation of our foreign currency-denominated net assets in 2012 as compared to translation losses in 2011. The translation gains are the result of a strengthening of our major foreign currencies against the U.S. Dollar in 2012 as compared to a weakening of those same currencies in 2011. A decrease in losses associated with our defined benefit plans was offset by an increase in unrealized losses from our cash flow hedges primarily due to a weakening of the Japanese Yen particularly in the fourth quarter 2012 (Refer to Note 13 - Financial Instruments in the Consolidated Financial Statements for additional information regarding our cash flow hedges).

Recent Accounting Pronouncements

Refer to Note 1 - Summary of Significant Accounting Policies in the Consolidated Financial Statements for a description of recent accounting pronouncements including the respective dates of adoption and the effects on results of operations and financial conditions.

Operations Review of Segment Revenue and Profit

Our reportable segments are consistent with how we manage the business and view the markets we serve. Our reportable segments are Services, Document Technology and Other. Revenues by segment for the three years ended December 31, 2013 were as follows:

(in millions)	Total Revenue	% of Total Revenue	Segment Profit (Loss)	Segment Margin
2013				
Services	$ 11,859	55%	$ 1,157	9.8 %
Document Technology	8,908	42%	966	10.8 %
Other	668	3%	(222)	(33.2)%
Total	$ 21,435	100%	$ 1,901	8.9 %
2012				
Services	$ 11,528	53%	1,173	10.2 %
Document Technology	9,462	44%	1,065	11.3 %
Other	747	3%	(256)	(34.3)%
Total	$ 21,737	100%	$ 1,982	9.1 %
2011				
Services	$ 10,837	49%	$ 1,207	11.1 %
Document Technology	10,259	47%	1,140	11.1 %
Other	804	4%	(285)	(35.4)%
Total	$ 21,900	100%	$ 2,062	9.4 %

Services Segment

Our Services segment is comprised of three service offerings: Business Process Outsourcing (BPO), Document Outsourcing (DO) and Information Technology Outsourcing (ITO).

Services segment revenues for the three years ended December 31, 2013 were as follows:

	Revenue			Change	
(in millions)	2013	2012	2011	2013	2012
Business processing outsourcing	$ 7,160	$ 7,061	$ 6,470	1%	9%
Document outsourcing	3,337	3,210	3,149	4%	2%
Information technology outsourcing	1,551	1,426	1,326	9%	8%
Less: Intra-segment elimination	(189)	(169)	(108)	*	*
Total Services Revenue	$ 11,859	$ 11,528	$ 10,837	3%	6%

** Percent not meaningful.*

Note: The 2012 and 2011 BPO and DO revenues have been revised to reflect the transfer of our Communication & Marketing Services (CMS) business from DO to BPO in 2013. The revenue transfered was $450 million in 2012 and $396 million in 2011.

Revenue 2013

Services revenue of $11,859 million increased 3% with no impact from currency.

- BPO revenue increased 1% and represented 59% of total Services revenue. Growth in healthcare, human resources and state government businesses were partially offset by lower volumes in portions of our commercial BPO business and the run-off of our government student loan business.
- DO revenue increased 4% and represented 28% of total Services revenue. The increase in DO revenue was primarily driven by growth in our partner print services offerings as well as higher equipment sales.
- ITO revenue increased 9% and represented 13% of total Services revenue. ITO growth was driven by the continued revenue ramp on prior period signings including several large deals signed in 2011. Throughout 2013, ITO revenue growth decelerated, as expected, and was 2% in the fourth quarter 2013.

Segment Margin 2013

Services segment margin of 9.8% decreased 0.4-percentage points from the prior year primarily due to a 0.8-percentage point decline in gross margin as increased productivity improvements and restructuring benefits were more than offset by the run-off of the student loan business, higher healthcare platform expenses, the impact of price declines, which were consistent with prior years, and lower volumes. The gross margin decline was partially offset by SAG improvements reflecting restructuring benefits as well as lower compensation-related expenses.

Metrics

Pipeline

Our total services sales pipeline at December 31, 2013, grew 9% over the prior year. This sales pipeline includes the Total Contract Value (TCV) of new business opportunities that potentially could be contracted within the next six months and excludes business opportunities with estimated annual recurring revenue in excess of $100 million.

Signings

Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. TCV represents the estimated future contract revenue for pipeline or signed contracts for signings, as applicable.

Signings were as follows:

	Year Ended December 31,	
(in billions)	2013	2012[1]
BPO	$ 8.9	$ 6.5
DO	3.3	2.9
ITO	1.0	1.5
Total Signings	$ 13.2	$ 10.9

(1) *The 2012 BPO and DO signings have been revised to reflect the transfer of our Communication & Marketing Services (CMS) business from DO to BPO in 2013.*

Services signings were an estimated $13.2 billion in TCV for 2013 and increased 21% compared to the prior year. The increase was driven by new business and higher renewals.

Services signings were an estimated at $10.9 billion in TCV for 2012 and decreased 25% compared to the prior year. This decline was driven by a decrease in large deals from the prior year as well as delays in customer decision making. While the total number of BPO/ITO contracts signed in 2012 increased from 2011, the decline in large deals drove a reduction in the average contract length of new business signings in 2012.

The above DO signings amount represents Enterprise signings only and does not include signings from our partner print services offerings, which is driving the revenue growth in DO.

Note: TCV is the estimated total contractual revenue related to future contracts in the pipeline or signed contracts, as applicable.

Renewal rate (BPO and ITO only)

Renewal rate is defined as the annual recurring revenue (ARR) on contracts that are renewed during the period as a percentage of ARR on all contracts on which a renewal decision was made during the period. Our 2013 renewal rate of 92% was above our target range of 85%-90% and 7-percentage points higher than 2012. Our 2012 renewal rate of 85% was 5-percentage points higher than our 2011 renewal rate of 80%.

Revenue 2012

Services revenue of $11,528 million increased 6% with a 1-percentage point negative impact from currency.

- BPO revenue increased 9%, including a 1-percentage point negative impact from currency, and represented 57% of total Services revenue. BPO growth was driven by the government healthcare, healthcare payer, customer care, financial services, retail, travel and insurance businesses and other state government solutions, as well as the benefits from recent acquisitions.

- DO revenue increased 2%, including a 2-percentage point negative impact from currency, and represented 31% of total Services revenue. The increase in DO revenue was primarily driven by our new partner print services offerings as well as new signings.
- ITO revenue increased 8% and represented 12% of total Services revenue. ITO growth was driven by the revenue ramp resulting from strong growth in recent quarters and also includes 3-percentage points of growth related to revenue from intercompany services, which is eliminated in total Services segment revenue.

Segment Margin 2012

Services segment margin of 10.2% decreased 0.9-percentage points from the prior year primarily due to a decline in gross margin, which was driven by the ramping of new services contracts, pressure on government contracts, the impact of lower contract renewals and lower volumes in some areas of the business. The gross margin decline was partially offset by the benefits from restructuring and lower SAG, primarily in DO.

Document Technology Segment

Our Document Technology segment includes the sale of products and supplies, as well as the associated maintenance and financing of those products.

Revenue

	Year Ended December 31,			Change	
(in millions)	2013	2012	2011	2013	2012
Equipment sales	$ 2,727	$ 2,879	$ 3,277	(5)%	(12)%
Annuity revenue	6,181	6,583	6,982	(6)%	(6)%
Total Revenue	$ 8,908	$ 9,462	$ 10,259	(6)%	(8)%

Revenue 2013

Document Technology revenue of $8,908 million decreased 6%, with no impact from currency. Total revenues include the following:

- Equipment sales revenue decreased by 5% with a 1-percentage point positive impact from currency. Equipment sales benefited from our 2013 mid-range product refresh, growth and acquisitions in the small and mid-size business market and increased demand for color digital production presses. These benefits were more than offset by the continued migration of customers to managed print services and our growing partner print services offerings (included in our Services segment), weakness in developing markets and price declines, which were in the historical 5% to 10% range.
- Annuity revenue decreased by 6%, with no impact from currency, driven by a modest decline in total pages, the reduction in channel supplies inventory levels, lower sales in developing markets and a decline in financing revenue as a result of prior period sales of finance receivables and lower originations. Annuity revenue was also impacted by the continued migration of customers to our partner print services offerings (included in our Services segment).

Document Technology revenue mix was 21% entry, 58% mid-range and 21% high-end.

Segment Margin 2013

Document Technology segment margin of 10.8% decreased 0.5-percentage points from prior year. The decline was primarily driven by an increase in SAG as a percent of revenue due to the overall impact of lower revenue and higher pension settlement losses which were only partially offset by restructuring savings, productivity improvements and lower compensation-related expenses.

Total revenue declines in 2014 are expected to remain at the mid-single digit level for the Document Technology segment as projected declines in black-and-white printing are only partially offset with growth in color and in the graphic communications and SMB markets. The expected 2014 revenue decline for the Document Technology segment is consistent with the trend we have experienced for this segment over the past three years as we continue to transform the Company from a technology-based equipment company to a document outsourcing services-based entity and customers continue to migrate their business to more services-based offerings. These services-based offerings are reported within our Services segment. This business is also heavily impacted by price and page declines. Although annual revenue declines are expected in 2014, we believe there will eventually be a relative flattening of revenues in future years. We expect to manage the impact of any revenue declines through measures to improve productivity and reduce costs and expenses.

Installs 2013

Entry

- 24% increase in color multifunction devices driven by demand for the recently introduced WorkCentre® 6605, WorkCentre® 6015 and ColorQube® 8700/8900.
- 5% increase in color printers driven by demand for the Phaser® 6600 family of products as well as an increase in sales to OEM partners.
- 20% decrease in entry black-and-white multifunction devices driven by declines in all geographies.

Mid-Range

- 8% increase in installs of mid-range color devices driven by demand for the ConnectKey® enabled products.
- 3% decrease in installs of mid-range black-and-white devices.

High-End

- 43% increase in installs of high-end color systems driven by growth in the sale of digital front-ends (DFE's) to Fuji Xerox, as well as strong customer demand for the Color J75 Press and iGen® as we continue to strengthen our market leadership in the Production Color segment. High-end color installs increased 7%, excluding the DFE sales to Fuji Xerox.
- 8% decrease in installs of high-end black-and-white systems, reflecting continued declines in the overall market.

Install activity percentages include installations for Document Outsourcing and the Xerox-branded product shipments to GIS. Descriptions of “Entry”, “Mid-Range” and “High-End” are defined in Note 2 - Segment Reporting, in the Consolidated Financial Statements.

Revenue 2012

Document Technology revenue of $9,462 million decreased 8%, including 2-percentage points negative impact from currency. Total revenues include the following:

- 12% decrease in equipment sales revenue, with a 1-percentage point negative impact from currency. This decline, primarily in mid-range and high-end equipment, was driven by delayed customer decision-making reflecting the continued weak macro-environment. In addition, the impact of lower product mix and price declines in the range of 5% to 10% more than offset growth in installs. Document Technology revenue excludes increasing revenues in our DO offerings.
- 6% decrease in annuity revenue, including a 2-percentage point negative impact from currency driven by lower supplies and a decline in total digital pages of 2% as well as the continued migration of customers to our partner print services offerings, which is included in our Services segment.
- Document Technology revenue mix was 22% entry, 57% mid-range and 21% high-end.

Segment Margin 2012

Document Technology segment margin of 11.3% increased 0.2-percentage points from prior year. Productivity improvements, restructuring savings and gains recognized on the sale of finance receivables (see Note 5 - Finance Receivables, Net in the consolidated Financial Statements for additional information) more than offset the impact of price declines and overall lower revenues.

Installs 2012

Entry

- 39% increase in color multifunction devices driven by demand for the WorkCentre® 6015, WorkCentre® 6605 and ColorQube® 8700/8900.
- 23% increase in entry black-and-white multifunction devices driven by demand for the WorkCentre® 3045.
- 7% decrease in color printers driven by a decrease in sales to OEM partners.

Mid-Range

- 2% decrease in installs of mid-range color devices driven by a difficult compare in the U.S. from the fourth quarter 2012 was partially offset by demand for products such as the WorkCentre® 7535/7125/7530 and the WorkCentre® 7556, which enabled continued market share gains in the fastest growing and most profitable segment of the office color market.
- 10% decrease in installs of mid-range black-and-white devices.

High-End

- 34% increase in installs of high-end color systems driven by strong demand for the Xerox® Color 770. This product has enabled large market share gains in the Entry Production Color market segment.
- 26% decrease in installs of high-end black-and-white systems, reflecting continued declines in the overall market.

Other Segment

Revenue 2013

Other segment revenue of $668 million decreased 11%, with no impact from currency, due to lower wide format systems revenue, lower sales of electronic presentation systems, lower developing market paper sales and lower licensing revenue. Total paper revenue (all within developing markets) comprised approximately one-third of the Other segment revenue.

Segment Loss 2013

Other segment loss of $222 million, improved $34 million from the prior year, primarily driven by gains on the sale of businesses and assets, partially offset by lower revenues. Non-financing interest expense as well as all Other expenses, net (excluding deferred compensation investment gains) are reported within the Other segment.

Revenue 2012

Other segment revenue of $747 million decreased 7%, including a 1-percentage point negative impact from currency, due to a decline in paper sales, which was driven by lower market pricing and activity, as well as a decline in revenues from wide format systems and lower patent sales and licensing revenue.

Segment Loss 2012

Other segment loss of $256 million, improved $29 million from the prior year, primarily driven by a decrease in Other expenses, net partially offset by lower gross profit as a result of the decline in revenues.

Discontinued Operations

In 2013, in connection with our decision to exit from the paper distribution business, we sold our North American and Western European Paper businesses.

As a result of these transactions, we reported these paper-related operations as Discontinued Operations and reclassified their results from the Other segment to Discontinued Operations. All prior periods have accordingly been restated to conform to this presentation.

Below is a summary of the restated amounts for our 2012 and 2011 Other segment and Total segment results as a result of the reclassification of the North American and Western European Paper businesses to Discontinued Operations.

(in millions)	Total Revenue	Segment Profit (Loss)	Segment Margin
2012			
Other segment - restated	$ 747	$ (256)	(34.3)%
Other segment - as reported	1,400	(241)	(17.2)%
Total segments - restated	21,737	1,982	9.1 %
Total segments - as reported	22,390	1,997	8.9 %
2011			
Other segment - restated	$ 804	$ (285)	(35.4)%
Other segment - as reported	1,530	(255)	(16.7)%
Total segments - restated	21,900	2,062	9.4 %
Total segments - as reported	22,626	2,092	9.2 %

Capital Resources and Liquidity

Our liquidity is primarily dependent on our ability to continue to generate strong cash flows from operations. Additional liquidity is also provided through access to the financial capital markets, including the Commercial Paper market, as well as a committed global credit facility. The following is a summary of our liquidity position:

- As of December 31, 2013 and 2012, total cash and cash equivalents were $1,764 million and $1,246 million, respectively, and there were no outstanding borrowings under our Commercial Paper Program in either year. There were also no borrowings or letters of credit under our $2 billion Credit Facility at either year end. The increase in our cash balance in 2013 is primarily due to a lower level of acquisitions, proceeds from the sales of businesses and assets and a Senior Note borrowing in December 2013. See "Capital Markets Activity" section below.
- Over the past three years we have consistently delivered strong cash flows from operations driven by the strength of our annuity-based revenue model. Cash flows from operations were $2,375 million, $2,580 million and $1,961 million in each of the years in the three year period ended December 31, 2013, respectively.
- We expect cash flows from operations to be between $1.8 and $2.0 billion for 2014, which include the adverse impact of prior period sales of finance receivables of approximately $400 million. No additional sales of finance receivables are planned for 2014. Cash flows from operations are expected to benefit from profit improvement in our Services Segment as well as improvements in working capital (accounts receivables, inventory and accounts payable). Consistent with our normal cash flows seasonality, we expect the first quarter 2014 cash flows from operations to be the lowest of the year with sources roughly offsetting uses.

Cash Flow Analysis

The following summarizes our cash flows for the three years ended December 31, 2013, as reported in our Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements:

	Year Ended December 31,			Change	
(in millions)	2013	2012	2011	2013	2012
Net cash provided by operating activities	$ 2,375	$ 2,580	$ 1,961	$ (205)	$ 619
Net cash used in investing activities	(452)	(761)	(675)	309	(86)
Net cash used in financing activities	(1,402)	(1,472)	(1,586)	70	114
Effect of exchange rate changes on cash and cash equivalents	(3)	(3)	(9)	—	6
Increase (decrease) in cash and cash equivalents	518	344	(309)	174	653
Cash and cash equivalents at beginning of year	1,246	902	1,211	344	(309)
Cash and Cash Equivalents at End of Year	$ 1,764	$ 1,246	$ 902	$ 518	$ 344

Cash Flows from Operating Activities

Net cash provided by operating activities was $2,375 million for the year ended December 31, 2013. The $205 million decrease in operating cash from 2012 was primarily due to the following:

- $105 million decrease in pre-tax income before net gain on sales of businesses and assets and restructuring.
- $307 million decrease due to lower net run-off of finance receivables of $280 million and higher equipment on operating leases of $27 million. The lower net run-off of finance receivables was primarily related to the impact from the receivables sales (see Note 5 - Finance Receivables, Net in the Consolidated Financial Statements for additional information).
- $149 million decrease due to lower accounts payable and accrued compensation primarily related to the timing of accounts payable payments.
- $38 million decrease due to higher growth in inventory reflecting the launch of new products.
- $22 million decrease due to the timing of settlements of our foreign currency derivative contracts. These derivatives primarily relate to hedges of Yen inventory purchases.
- $17 million decrease due to higher net income tax payments.
- $212 million increase from accounts receivable primarily due to lower revenues partially offset by a reduction in the use of accelerated collection programs such as early pay discounts.
- $134 million increase due to lower contributions to our defined benefit pension plans. This was in line with expectations.
- $106 million increase from lower spending for product software and up-front costs for outsourcing service contracts.

Net cash provided by operating activities was $2,580 million for the year ended December 31, 2012. The $619 million increase in cash from 2011 was primarily due to the following:

- $879 million increase from finance receivables primarily due to sales of receivables as well as higher net run-off of finance receivables as a result of lower equipment sales (see Note 5 - Finance Receivables, Net in the Consolidated Financial Statements for additional information).
- $124 million increase due to lower inventory growth.
- $74 million increase due to lower restructuring payments.
- $62 million increase due to lower contributions to our defined benefit pension plans primarily in the U.S. as a result of pension funding legislation enacted in 2012.
- $41 million increase as a result of less up-front costs and other customer related spending associated primarily with new services contracts.
- $390 million decrease due to a lower benefit from accounts receivable sales as well as growth in services revenue.
- $45 million decrease from higher net income tax payments primarily due to refunds in the prior year.

In 2012 and 2011, we elected to make contributions of 15.4 million and 16.6 million, respectively, of shares of our common stock, with an aggregate value of approximately $130 million in each year, to our U.S. defined benefit pension plan for salaried employees in order to meet our planned level of funding for those years.

Cash Flows from Investing Activities

Net cash used in investing activities was $452 million for the year ended December 31, 2013. The $309 million decrease in the use of cash from 2012 was primarily due to the following:

- $121 million decrease in acquisitions. 2013 acquisitions include Zeno Office Solutions, Inc. for $59 million, Impika for $53 million and four smaller acquisitions totaling $43 million. 2012 acquisitions include Wireless Data for $95 million, RK Dixon for $58 million as well as seven smaller acquisitions totaling $123 million.
- $86 million decrease due to lower capital expenditures (including internal use software).
- $77 million decrease primarily due to $38 million of proceeds from the sale of a U.S. facility and $33 million of proceeds from the sale of assets to 3D Systems.
- $26 million decrease due to proceeds from the sale of the North American and European Paper businesses.

Net cash used in investing activities was $761 million for the year ended December 31, 2012. The $86 million increase in the use of cash from 2011 was primarily due to the following:

- $64 million increase in acquisitions. 2012 acquisitions include Wireless Data for $95 million, RK Dixon for $58 million as well as seven smaller acquisitions totaling $123 million. 2011 acquisitions include Unamic/HCN B.V. for $55 million, ESM for $43 million, Concept Group for $41 million, MBM for $42 million, Breakaway for $18 million and ten smaller acquisitions for an aggregate of $46 million as well as a net cash receipt of $35 million for Symcor.
- $19 million increase due to lower cash proceeds from asset sales.

Cash Flows from Financing Activities

Net cash used in financing activities was $1,402 million for the year ended December 31, 2013. The $70 million decrease in the use of cash from 2012 was primarily due to the following:

- $356 million decrease from lower share repurchases.
- $80 million decrease due to higher proceeds from the issuances of common stock.
- $326 million increase from net debt activity. 2013 reflects payments of $1 billion on Senior Notes offset by net proceeds of $500 million from the issuance of Senior Notes and $39 million from the sale and capital leaseback of a building in the U.S. 2012 reflects net proceeds of $1.1 billion from the issuance of Senior Notes offset by net payments on Senior Notes of $1.1 billion and a decrease of $100 million in Commercial Paper.
- $41 million increase due to higher common stock dividends.

Net cash used in financing activities was $1,472 million for the year ended December 31, 2012. The $114 million decrease in the use of cash from 2011 was primarily due to the following:

- $670 million decrease reflecting the absence of payment of our liability to Xerox Capital Trust I in connection with their redemption of preferred securities.
- $351 million increase from higher share repurchases in 2012.
- $157 million increase from net debt activity. 2012 reflects net proceeds of $1.1 billion from the issuance of Senior Notes offset by net payments on Senior Notes of $1.1 billion and a decrease of $100 million in Commercial Paper. 2011 includes proceeds of $1.0 billion from the issuance of Senior Notes offset by the repayment of $750 million on Senior Notes and a decrease of $200 million in Commercial Paper.
- $47 million increase due to higher distributions to noncontrolling interests.

Customer Financing Activities

We provide lease equipment financing to our customers, primarily in our Document Technology segment. Our lease contracts permit customers to pay for equipment over time rather than at the date of installation. Our investment in these contracts is reflected in Total finance assets, net. We primarily fund our customer financing activity through cash generated from operations, cash on hand, commercial paper borrowings, sales and securitizations of finance receivables and proceeds from capital markets offerings.

We have arrangements in certain international countries and domestically with our small and mid-sized customers, where third-party financial institutions independently provide lease financing, on a non-recourse basis to Xerox, directly to our customers. In these arrangements, we sell and transfer title of the equipment to these financial institutions. Generally, we have no continuing ownership rights in the equipment subsequent to its sale; therefore, the unrelated third-party finance receivable and debt are not included in our Consolidated Financial Statements.

The following represents our Total finance assets, net associated with our lease and finance operations:

	December 31,	
(in millions)	2013	2012
Total Finance receivables, net[(1)]	$ 4,530	$ 5,313
Equipment on operating leases, net	559	535
Total Finance Assets, Net	$ 5,089	$ 5,848

(1) Includes (i) billed portion of finance receivables, net, (ii) finance receivables, net and (iii) finance receivables due after one year, net as included in our Consolidated Balance Sheets.

The decrease of $759 million in Total finance assets, net primarily reflects the sale of finance receivables (discussed further below) and the decrease in equipment sales over the past several years as well as equipment sales growth in regions or operations where we don't offer direct leasing. These impacts were partially offset by an increase of $35 million due to currency.

We maintain a certain level of debt, referred to as financing debt, to support our investment in these lease contracts or Total finance assets, net. We maintain this financing debt at an assumed 7:1 leverage ratio of debt to equity as compared to our Total finance assets, net for this financing aspect of our business. Based on this leverage, the following represents the allocation of our total debt at December 31, 2013 and 2012 between financing debt and core debt:

(in millions)	December 31, 2013	December 31, 2012
Financing debt[1]	$ 4,453	$ 5,117
Core debt	3,568	3,372
Total Debt	$ 8,021	$ 8,489

(1) Financing debt includes $3,964 million and $4,649 million as of December 31, 2013 and December 31, 2012, respectively, of debt associated with Total finance receivables, net and is the basis for our calculation of "Equipment financing interest" expense. The remainder of the financing debt is associated with Equipment on operating leases.

In 2014, we expect to continue the leveraging of our finance assets at an assumed 7:1 ratio of debt to equity. The following summarizes our total debt at December 31, 2013 and 2012:

(in millions)	December 31, 2013	December 31, 2012
Principal debt balance[1]	$ 7,979	$ 8,410
Net unamortized discount	(58)	(63)
Fair value adjustments[2]	100	142
Total Debt	$ 8,021	$ 8,489

(1) Balance at December 31, 2013 includes $5 million of Notes Payable.
(2) Fair value adjustments - during the period from 2004 to 2011, we early terminated several interest rate swaps that were designated as fair value hedges of certain debt instruments. The associated net fair value adjustments to debt are being amortized to interest expense over the remaining term of the related notes.

Sales of Accounts Receivable

Accounts receivable sales arrangements are utilized in the normal course of business as part of our cash and liquidity management. We have financial facilities in the U.S., Canada and several countries in Europe that enable us to sell certain accounts receivables without recourse to third-parties. The accounts receivables sold are generally short-term trade receivables with payment due dates of less than 60 days.

Accounts receivable sales were as follows:

(in millions)	Year Ended December 31, 2013	2012	2011
Accounts receivable sales	$ 3,401	$ 3,699	$ 3,218
Deferred proceeds	486	639	386
Loss on sale of accounts receivable	17	21	20
Estimated (decrease) increase to operating cash flows[1]	(55)	(78)	133

(1) Represents the difference between current and prior year fourth quarter receivable sales adjusted for the effects of: (i) the deferred proceeds, (ii) collections prior to the end of the year, and (iii) currency.

Refer to Note 4 - Accounts Receivable, Net in the Consolidated Financial Statements for additional information.

Sales of Finance Receivables

2013 Transactions

In September 2013, we transferred our entire interest in a group of U.S. lease finance receivables to a third-party financial institution. The transfer was accounted for as a sale and resulted in the derecognition of lease receivables with a net carrying value of $419 million, the receipt of cash proceeds of $387 million and a beneficial interest of $60. A pre-tax gain of $25 million was recognized on this transaction and is net of fees and expenses of approximately $3 million.

In December 2013, our Canadian subsidiary transferred its entire interest in a group of lease finance receivables to a third-party trust. The transfer was accounted for as a sale and resulted in the derecognition of lease receivables with a net carrying value of $257 million, the receipt of cash proceeds of $248 million and a beneficial interest of $26 million. A pre-tax gain of $15 million was recognized on this transaction and is net of additional fees and expenses of approximately $1 million.

2012 Transactions

In 2012, we completed similar sale transactions on two separate portfolios of U.S. lease finance receivables with a combined net carrying value of $682 million to a third-party financial institution for cash proceeds of $630 million and beneficial interests of $101 million. A pre-tax gain of $44 million was recognized on these transactions and is net of additional fees and expenses of approximately $5 million.

The gains on these transactions are reported in Finance income in Document Technology segment revenues, as the sold receivables are from this segment. We will continue to service the sold receivables and expect to a record servicing fee income over the expected life of the associated receivables. These transactions enable us to lower the cost associated with our financing portfolio.

Refer to Note 5 - Finance Receivables, Net in the Consolidated Financial Statements for additional information.

The net impact on operating cash flows from the sales of finance receivables is summarized below:

	Year Ended December 31,		
(in millions)	2013	2012	2011
Net cash received for sales of finance receivables[1]	$ 631	$ 625	$ —
Impact from prior sales of finance receivables[2]	(392)	(45)	—
Collections on beneficial interest	58	—	—
Estimated Increase to Operating Cash Flows	$ 297	$ 580	$ —

(1) Net of beneficial interest, fees and expenses
(2) Represents cash that would have been collected if we had not sold finance receivables.

Capital Market Activity

Senior Notes

In December 2013, we issued $500 million of 2.75% Senior Notes due 2019 (the "2019 Senior Notes"). The 2019 Senior Notes accrue interest at a rate of 2.75% per annum and are payable semi-annually. The 2019 Senior Notes were issued at 99.915% of par, resulting in aggregate net proceeds essentially at par. In connection with the issuance of these Senior Notes, debt issuance costs of $4 million were deferred.

The December 2013 Senior Note issuance was approximately $200 million higher than originally planned and we expect to use that excess to partially fund the $1.1 billion in Senior Notes maturing in May 2014. The remainder of the proceeds from this offering were used for general corporate purposes.

Refer to Note 12- Debt in the Consolidated Financial Statements for additional information regarding our debt.

Financial Instruments

Refer to Note 13 - Financial Instruments in the Consolidated Financial Statements for additional information regarding our derivative financial instruments.

Share Repurchase Programs - Treasury Stock

During 2013, we repurchased 65.2 million shares of our common stock for an aggregate cost of $696 million, including fees. In November 2013, the Board of Directors authorized an additional $500 million in share repurchases bringing the total cumulative authorization to $6.5 billion.

Through February 18, 2014, we repurchased an additional 15.8 million shares at an aggregate cost of $175.1 million, including fees, for total program repurchases of 509.3 million shares at a cost of $5.6 billion, including fees.

We expect total share repurchases of at least $500 million in 2014.

Refer to Note 19 - Shareholders' Equity – Treasury Stock in the Consolidated Financial Statements for additional information regarding our share repurchase programs.

Dividends

The Board of Directors declared aggregate dividends of $287 million, $226 million and $241 million on common stock in 2013, 2012 and 2011, respectively. The increase in 2013 as compared to prior years is primarily due to the increase in the quarterly dividend to 5.75 cents per share in 2013 partially offset by a lower level of outstanding shares as a result of the repurchase of shares under our share repurchase programs.
The Board of Directors declared aggregate dividends of $24 million on the Series A Convertible Preferred Stock in each of the years in the three year period ended December 31, 2013. The preferred shares were issued in 2010 in connection with the acquisition of ACS.

In January 2014, the Board of Directors approved an increase in the Company's quarterly cash dividend from 5.75 cents per share to 6.25 cents per share, beginning with the dividend payable April 30, 2014.

Liquidity and Financial Flexibility

We manage our worldwide liquidity using internal cash management practices, which are subject to (1) the statutes, regulations and practices of each of the local jurisdictions in which we operate, (2) the legal requirements of the agreements to which we are a party and (3) the policies and cooperation of the financial institutions we utilize to maintain and provide cash management services.

Our principal debt maturities are in line with historical and projected cash flows and are spread over the next ten years as follows (in millions):

Year	Amount
2014[(1)]	$ 1,112
2015	1,283
2016	975
2017	1,018
2018	1,011
2019	1,156
2020	7
2021	1,067
2022	—
2023 and thereafter	350
Total	$ 7,979

(1) Includes $5 million of Notes Payable.

Foreign Cash

At December 31, 2013, we had $1.8 billion of cash and cash equivalents on a consolidated basis. Of that amount, approximately $600 million was held outside the U.S. by our foreign subsidiaries to fund future working capital, investment and financing needs of our foreign subsidiaries. Accordingly, we have asserted that such funds are indefinitely reinvested outside the U.S.

We believe we have sufficient levels of cash and cash flows to support our domestic requirements. However, if the cash held by our foreign subsidiaries was needed to fund our U.S. requirements, there would not be a significant tax liability associated with the repatriation, as any U.S. liability would be reduced by the foreign tax credits associated with the repatriated earnings.

However, our determination above is based on the assumption that only the cash held outside the U.S. would be repatriated as a result of an unanticipated or unique domestic need. It does not assume repatriation of the entire amount of indefinitely reinvested earnings of our foreign subsidiaries. As disclosed in Note 16- Income and Other Taxes in our Consolidated Financial Statements, we have not estimated the potential tax consequences associated with the repatriation of the entire amount of our foreign earnings indefinitely reinvested outside the U.S. We do not believe it is practical to calculate the potential tax impact, as there is a significant amount of uncertainty with respect to determining the amount of foreign tax credits as well as any additional local withholding tax and other indirect tax consequences that may arise from the distribution of these earnings. In addition, because such earnings have been indefinitely reinvested in our foreign operations, repatriation would require liquidation of those investments or a recapitalization of our foreign subsidiaries, the impacts and effects of which are not readily determinable.

Loan Covenants and Compliance

At December 31, 2013, we were in full compliance with the covenants and other provisions of our Credit Facility and Senior Notes. We have the right to terminate the Credit Facility without penalty. Failure to comply with material provisions or covenants of the Credit Facility and Senior Notes could have a material adverse effect on our liquidity and operations and our ability to continue to fund our customers' purchase of Xerox equipment.

Refer to Note 12 - Debt in the Consolidated Financial Statements for additional information regarding debt arrangements.

Contractual Cash Obligations and Other Commercial Commitments and Contingencies

At December 31, 2013, we had the following contractual cash obligations and other commercial commitments and contingencies:

(in millions)	2014	2015	2016	2017	2018	Thereafter
Total debt, including capital lease obligations(1)	$ 1,112	$ 1,283	$ 975	$ 1,018	$ 1,011	$ 2,580
Interest on debt(1)	376	307	248	191	146	647
Minimum operating lease commitments(2)	579	467	304	122	72	92
Defined benefit pension plans	250	—	—	—	—	—
Retiree health payments	71	73	71	70	69	317
Estimated Purchase Commitments:						
Fuji Xerox(3)	1,903	—	—	—	—	—
Flextronics(4)	499	—	—	—	—	—
Other(5)	169	113	151	70	64	117
Total	$ 4,959	$ 2,243	$ 1,749	$ 1,471	$ 1,362	$ 3,753

(1) Total debt for 2014 includes $5 million of Notes Payable. Refer to Note 12 - Debt in the Consolidated Financial Statements for additional information regarding debt. and interest on debt.

(2) Refer to Note 7 - Land, Buildings, Equipment and Software, Net in the Consolidated Financial Statements for additional information related to minimum operating lease commitments.

(3) Fuji Xerox: The amount included in the table reflects our estimate of purchases over the next year and is not a contractual commitment.

(4) Flextronics: We outsource certain manufacturing activities to Flextronics. The amount included in the table reflects our estimate of purchases over the next year and is not a contractual commitment. In the past two years, actual purchases from Flextronics averaged approximately $550 million per year.

(5) Other purchase commitments: We enter into other purchase commitments with vendors in the ordinary course of business. Our policy with respect to all purchase commitments is to record losses, if any, when they are probable and reasonably estimable. We currently do not have, nor do we anticipate, material loss contracts.

Pension and Other Post-retirement Benefit Plans

We sponsor defined benefit pension plans and retiree health plans that require periodic cash contributions. Our 2013 cash contributions for these plans were $230 million for our defined benefit pension plans and $77 million for our retiree health plans. In 2014, based on current actuarial calculations, we expect to make contributions of approximately $250 million to our worldwide defined benefit pension plans and approximately $71 million to our retiree health benefit plans.

Contributions to our defined benefit pension plans in subsequent years will depend on a number of factors, including the investment performance of plan assets and discount rates as well as potential legislative and plan changes. At December 31, 2013, the un/under funded balance of our U.S. and Non-U.S. defined benefit pension plans was $1,017 million and $875 million, respectively.

Our retiree health benefit plans are non-funded and are almost entirely related to domestic operations. Cash contributions are made each year to cover medical claims costs incurred during the year. The amounts reported in the above table as retiree health payments represent our estimate of future benefit payments.

Refer to Note 15 - Employee Benefit Plans in the Consolidated Financial Statements for additional information regarding contributions to our defined benefit pension and post-retirement plans.

Fuji Xerox

We purchased products, including parts and supplies, from Fuji Xerox totaling $1.9 billion, $2.1 billion and $2.2 billion in 2013, 2012 and 2011, respectively. Our purchase commitments with Fuji Xerox are entered into in the normal course of business and typically have a lead time of three months. Related party transactions with Fuji Xerox are discussed in Note 8 - Investments in Affiliates, at Equity in the Consolidated Financial Statements.

Brazil Tax and Labor Contingencies

Our Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes, as well as disputes associated with former employees and contract labor. The tax matters, which comprise a significant portion of the total contingencies, principally relate to claims for taxes on the internal transfer of inventory, municipal service taxes on rentals and gross revenue taxes. We are disputing these tax matters and intend to vigorously defend our positions. Based on the opinion of legal counsel and current reserves for those matters deemed probable of loss, we do not believe that the ultimate resolution of these matters will materially impact our results of operations, financial position or cash flows. The labor matters principally relate to claims made by former employees and contract labor for the equivalent payment of all social security and other related labor benefits, as well as consequential tax claims, as if they were regular employees. As of December 31, 2013, the total amounts related to the unreserved portion of the tax and labor contingencies, inclusive of related interest, amounted to approximately $933 million, with the decrease from December 31, 2012 balance of approximately $1,010 million, primarily related to currency and closed cases partially offset by interest. With respect to the unreserved balance of $933 million, the majority has been assessed by management as being remote as to the likelihood of ultimately resulting in a loss to the Company. In connection with the above proceedings, customary local regulations may require us to make escrow cash deposits or post other security of up to half of the total amount in dispute. As of December 31, 2013, we had $167 million of escrow cash deposits for matters we are disputing, and there are liens on certain Brazilian assets with a net book value of $8 million and additional letters of credit of approximately $236 million, which include associated indexation. Generally, any escrowed amounts would be refundable and any liens would be removed to the extent the matters are resolved in our favor. We routinely assess all these matters as to probability of ultimately incurring a liability against our Brazilian operations and record our best estimate of the ultimate loss in situations where we assess the likelihood of an ultimate loss as probable.

Other Contingencies and Commitments

As more fully discussed in Note 17 - Contingencies and Litigation in the Consolidated Financial Statements, we are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting, servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. In addition, guarantees, indemnifications and claims may arise during the ordinary course of business from relationships with suppliers, customers and non-consolidated affiliates. Nonperformance under a contract including a guarantee, indemnification or claim could trigger an obligation of the Company.

We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. Should developments in any of these areas cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Unrecognized Tax Benefits

As of December 31, 2013, we had $267 million of unrecognized tax benefits. This represents the tax benefits associated with various tax positions taken, or expected to be taken, on domestic and foreign tax returns that have not been recognized in our financial statements due to uncertainty regarding their resolution. The resolution or settlement of these tax positions with the taxing authorities is at various stages and therefore we are unable to make a reliable estimate of the eventual cash flows by period that may be required to settle these matters. In addition, certain of these matters may not require cash settlement due to the existence of credit and net operating loss carryforwards, as well as other offsets, including the indirect benefit from other taxing jurisdictions that may be available.

Refer to Note 16 - Income and Other Taxes in the Consolidated Financial Statements for additional information regarding unrecognized tax benefits.

Off-Balance Sheet Arrangements

We may occasionally utilize off-balance sheet arrangements in our operations (as defined by the SEC Financial Reporting Release 67 (FRR-67), “Disclosure in Management’s Discussion and Analysis about Off-Balance Sheet Arrangements and Aggregate Contractual Obligations”). We enter into the following arrangements that have off-balance sheet elements:

- Operating leases in the normal course of business. The nature of these lease arrangements is discussed in Note 7 - Land, Buildings, Equipment and Software, Net in the Consolidated Financial Statements.

- We have facilities, primarily in the U.S., Canada and several countries in Europe that enable us to sell to third-parties certain accounts receivable without recourse. In most instances, a portion of the sales proceeds are held back by the purchaser and payment is deferred until collection of the related sold receivables. Refer to Note 4 - Accounts Receivables, Net in the Consolidated Financial Statements for further information regarding these facilities.

- During 2013 and 2012, we entered into arrangements to transfer and sell our entire interest in certain groups of finance receivables where we received cash and beneficial interests from the third-party purchaser. Refer to Note 5 - Finance Receivables, Net in the Consolidated Financial Statements for further information regarding these sales.

At December 31, 2013, we do not believe we have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

In addition, see the table above for the Company's contractual cash obligations and other commercial commitments and Note 17 - Contingencies and Litigation in the Consolidated Financial Statements for additional information regarding contingencies, guarantees, indemnifications and warranty liabilities.

Non-GAAP Financial Measures

We have reported our financial results in accordance with generally accepted accounting principles (GAAP). In addition, we have discussed our results using non-GAAP measures.

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 tables.

Adjusted Earnings Measures

To better understand the trends in our business, we believe it is necessary to adjust the following amounts determined in accordance with GAAP to exclude the effects of the certain items as well as their related income tax effects. For our 2013 reporting year, adjustments were limited to the amortization of intangible assets.

- Net income and Earnings per share (EPS), and
- Effective tax rate.

The above have been adjusted for the following items:

- **Amortization of intangible assets (all periods):** 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.

- **Other discrete, unusual or infrequent costs and expenses:** In addition, we occasionally may also exclude additional items given the discrete, unusual or infrequent nature of the item on our results of operations for the period. In 2011, we excluded the Loss on early extinguishment of liability. We believe the exclusion of this item allows investors to better understand and analyze the results for the period as compared to prior periods as well as expected trends in our business.

We also calculate and utilize an Operating income and margin earnings measure by adjusting our pre-tax income and margin amounts to exclude certain items. In addition to the amortization of intangible assets, operating income and margin also exclude Other expenses, net as well as Restructuring and asset impairment charges. Other expenses, net is primarily comprised of non-financing interest expense and also includes certain other non-operating items. 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. 2011 operating income and margin also exclude a Curtailment gain recorded in the fourth quarter 2011. 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 benefit and service accruals after December 31, 2012. We exclude all of these amounts in order to evaluate our current and past operating performance and to better understand the expected future trends in our business.

Net Income and EPS reconciliation:

	Year Ended December 31,					
	2013		2012		2011	
(in millions; except per share amounts)	Net Income	EPS	Net Income	EPS	Net Income	EPS
As Reported[1]	$ 1,185	$ 0.93	$ 1,184	$ 0.87	$ 1,274	$ 0.88
Adjustments:						
Amortization of intangible assets	205	0.16	203	0.15	248	0.17
Loss on early extinguishment of liability	—	—	—	—	20	0.01
Adjusted	$ 1,390	$ 1.09	$ 1,387	$ 1.02	$ 1,542	$ 1.06
Weighted average shares for adjusted EPS[2]	1,274		1,356		1,444	
Fully diluted shares at December 31, 2013[3]	1,235					

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

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

(3) Represents common shares outstanding at December 31, 2013 as well as shares associated with our Series A convertible preferred stock plus dilutive potential common shares as used for the calculation of diluted earnings per share in the fourth quarter 2013.

Effective Tax reconciliation:

	Year Ended December 31, 2013			Year Ended December 31, 2012			Year Ended December 31, 2011		
(in millions)	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
As Reported[1]	$ 1,312	$ 276	21.0%	$ 1,332	$ 272	20.4%	1,535	377	24.6%
Adjustments:									
Amortization of intangible assets	332	127		328	125		398	150	
Loss on early extinguishment of liability	—	—		—	—		33	13	
Adjusted	$ 1,644	$ 403	24.5%	$ 1,660	$ 397	23.9%	1,966	540	27.5%

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

Operating Income / Margin reconciliation:

(in millions)	Year Ended December 31, 2013 Profit	Revenue	Margin	Year Ended December 31, 2012 Profit	Revenue	Margin	Year Ended December 31, 2011 Profit	Revenue	Margin
Reported Pre-tax Income[1]	$ 1,312	$ 21,435	6.1%	$ 1,332	$ 21,737	6.1%	$ 1,535	$ 21,900	7.0%
Adjustments:									
Amortization of intangible assets	332			328			398		
Xerox restructuring charge	116			154			32		
Curtailment gain	—			—			(107)		
Other expenses, net	150			261			326		
Adjusted Operating Income / Margin	1,910	21,435	8.9%	2,075	21,737	9.5%	2,184	21,900	10.0%
Equity in net income of unconsolidated affiliates	169			152			149		
Fuji Xerox restructuring charge	9			16			19		
Litigation matters (Q1 2013 only)	(37)			—			—		
Loss on early extinguishment of liability	—			—			33		
Other expense, net*	(150)			(261)			(323)		
Segment Profit / Margin	1,901	21,435	8.9%	1,982	21,737	9.1%	2,062	21,900	9.4%

* *Includes rounding adjustments.*
(1) *Profit and revenue from continuing operations attributable to Xerox.*

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Risk Management

We are exposed to market risk from foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We utilized derivative financial instruments to hedge economic exposures, as well as reduce earnings and cash flow volatility resulting from shifts in market rates.

Recent market events have not caused us to materially modify or change our financial risk management strategies with respect to our exposures to interest rate and foreign currency risk. Refer to Note 13 - Financial Instruments in the Consolidated Financial Statements for additional discussion on our financial risk management.

Foreign Exchange Risk Management

Assuming a 10% appreciation or depreciation in foreign currency exchange rates from the quoted foreign currency exchange rates at December 31, 2013, the potential change in the fair value of foreign currency-denominated assets and liabilities in each entity would not be significant because all material currency asset and liability exposures were economically hedged as of December 31, 2013. A 10% appreciation or depreciation of the U.S. Dollar against all currencies from the quoted foreign currency exchange rates at December 31, 2013 would have an impact on our cumulative translation adjustment portion of equity of approximately $655 million. The net amount invested in foreign subsidiaries and affiliates, primarily Xerox Limited, Fuji Xerox and Xerox Canada Inc. and translated into U.S. Dollars using the year-end exchange rates, was approximately $6.6 billion at December 31, 2013.

Interest Rate Risk Management

The consolidated weighted-average interest rates related to our total debt for 2013, 2012 and 2011 approximated 5.0%, 4.7%, and 5.2%, respectively. Interest expense includes the impact of our interest rate derivatives.

Virtually all customer-financing assets earn fixed rates of interest. The interest rates on a significant portion of the Company's term debt are fixed.

As of December 31, 2013, $350 million of our total debt of $8 billion carried variable interest rates, including the effect of pay variable interest rate swaps, if any, we may use to reduce the effective interest rate on our fixed coupon debt.

The fair market values of our fixed-rate financial instruments are sensitive to changes in interest rates. At December 31, 2013, a 10% change in market interest rates would change the fair values of such financial instruments by approximately $96 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Xerox Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity present fairly, in all material respects, the financial position of Xerox Corporation and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in Item 15(a)(1) of this Form 10-K presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Stamford, Connecticut
February 21, 2014

REPORTS OF MANAGEMENT

Management's Responsibility for Financial Statements

Our management is responsible for the integrity and objectivity of all information presented in this annual report. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the Company's financial position and results of operations.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets regularly with the independent auditors, PricewaterhouseCoopers LLP, the internal auditors and representatives of management to review accounting, financial reporting, internal control and audit matters, as well as the nature and extent of the audit effort. The Audit Committee is responsible for the engagement of the independent auditors. The independent auditors and internal auditors have free access to the Audit Committee.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the rules promulgated under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive, financial and accounting officers, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *"Internal Control - Integrated Framework* (1992)*"* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the above evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2013.

/s/ Ursula M. Burns	/s/ Kathryn A. Mikells	/s/ Joseph H. Mancini, Jr.
Chief Executive Officer	**Chief Financial Officer**	**Chief Accounting Officer**

XEROX CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per-share data)	Year Ended December 31, 2013	2012	2011
Revenues			
Sales	$ 5,659	$ 5,927	$ 6,400
Outsourcing, maintenance and rentals	15,293	15,213	14,868
Financing	483	597	632
Total Revenues	21,435	21,737	21,900
Costs and Expenses			
Cost of sales	3,616	3,791	4,076
Cost of outsourcing, maintenance and rentals	11,008	10,802	10,269
Cost of financing	163	198	231
Research, development and engineering expenses	601	655	719
Selling, administrative and general expenses	4,137	4,216	4,421
Restructuring and asset impairment charges	116	154	32
Amortization of intangible assets	332	328	398
Curtailment gain	—	—	(107)
Other expenses, net	150	261	326
Total Costs and Expenses	20,123	20,405	20,365
Income Before Income Taxes and Equity Income	1,312	1,332	1,535
Income tax expense	276	272	377
Equity in net income of unconsolidated affiliates	169	152	149
Income from Continuing Operations	1,205	1,212	1,307
(Loss) income from discontinued operations, net of tax	(26)	11	21
Net Income	1,179	1,223	1,328
Less: Net income attributable to noncontrolling interests	20	28	33
Net Income Attributable to Xerox	$ 1,159	$ 1,195	$ 1,295
Amounts attributable to Xerox:			
Net income from continuing operations	$ 1,185	$ 1,184	$ 1,274
Net (loss) income from discontinued operations	(26)	11	21
Net Income Attributable to Xerox	$ 1,159	$ 1,195	$ 1,295
Basic Earnings per Share:			
Continuing operations	$ 0.95	$ 0.89	$ 0.90
Discontinued operations	(0.02)	0.01	0.02
Total Basic Earnings per Share	$ 0.93	$ 0.90	$ 0.92
Diluted Earnings per Share:			
Continuing operations	$ 0.93	$ 0.87	$ 0.88
Discontinued operations	(0.02)	0.01	0.02
Total Diluted Earnings per Share	$ 0.91	$ 0.88	$ 0.90

The accompanying notes are an integral part of these Consolidated Financial Statements.

XEROX CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)	Year Ended December 31, 2013	2012	2011
Net Income	$ 1,179	$ 1,223	$ 1,328
Less: Net income attributable to noncontrolling interests	20	28	33
Net Income Attributable to Xerox	$ 1,159	$ 1,195	$ 1,295
Other Comprehensive (Loss) Income, Net[1]:			
Translation adjustments, net	$ (185)	$ 113	$ (105)
Unrealized (losses) gains, net	—	(63)	12
Changes in defined benefit plans, net	632	(561)	(636)
Other Comprehensive Income (Loss), Net	447	(511)	(729)
Less: Other comprehensive loss, net attributable to noncontrolling interests	(1)	—	(1)
Other Comprehensive Income (Loss), Net Attributable to Xerox	$ 448	$ (511)	$ (728)
Comprehensive Income, Net	$ 1,626	$ 712	$ 599
Less: Comprehensive income, net attributable to noncontrolling interests	19	28	32
Comprehensive Income, Net Attributable to Xerox	$ 1,607	$ 684	$ 567

(1) Refer to Note 20 - Other Comprehensive Income for gross components of other comprehensive income, reclassification adjustments out of Accumulated Other Comprehensive Income and related tax effects.

The accompanying notes are an integral part of these Consolidated Financial Statements.

XEROX CORPORATION
CONSOLIDATED BALANCE SHEETS

(in millions, except share data in thousands)	December 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	$ 1,764	$ 1,246
Accounts receivable, net	2,929	2,866
Billed portion of finance receivables, net	113	152
Finance receivables, net	1,500	1,836
Inventories	998	1,011
Other current assets	1,207	1,162
Total current assets	8,511	8,273
Finance receivables due after one year, net	2,917	3,325
Equipment on operating leases, net	559	535
Land, buildings and equipment, net	1,466	1,556
Investments in affiliates, at equity	1,285	1,381
Intangible assets, net	2,503	2,783
Goodwill	9,205	9,062
Deferred tax assets, long-term	368	763
Other long-term assets	2,222	2,337
Total Assets	$ 29,036	$ 30,015
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 1,117	$ 1,042
Accounts payable	1,626	1,913
Accrued compensation and benefits costs	734	741
Unearned income	496	438
Other current liabilities	1,713	1,776
Total current liabilities	5,686	5,910
Long-term debt	6,904	7,447
Pension and other benefit liabilities	2,136	2,958
Post-retirement medical benefits	785	909
Other long-term liabilities	757	778
Total Liabilities	16,268	18,002
Series A Convertible Preferred Stock	349	349
Common stock	1,210	1,239
Additional paid-in capital	5,282	5,622
Treasury stock, at cost	(252)	(104)
Retained earnings	8,839	7,991
Accumulated other comprehensive loss	(2,779)	(3,227)
Xerox shareholders' equity	12,300	11,521
Noncontrolling interests	119	143
Total Equity	12,419	11,664
Total Liabilities and Equity	$ 29,036	$ 30,015
Shares of common stock issued	1,210,321	1,238,696
Treasury stock	(22,001)	(14,924)
Shares of common stock outstanding	1,188,320	1,223,772

The accompanying notes are an integral part of these Consolidated Financial Statements.

XEROX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
(in millions)	2013	2012	2011
Cash Flows from Operating Activities:			
Net income	$ 1,179	$ 1,223	$ 1,328
Adjustments required to reconcile net income to cash flows from operating activities:			
Depreciation and amortization	1,358	1,301	1,251
Provision for receivables	123	127	154
Provision for inventory	35	30	39
Deferred tax expense	122	96	203
Net (gain) loss on sales of businesses and assets	(45)	2	(9)
Undistributed equity in net income of unconsolidated affiliates	(92)	(90)	(86)
Stock-based compensation	90	125	123
Restructuring and asset impairment charges	116	154	32
Payments for restructurings	(136)	(144)	(218)
Contributions to defined benefit pension plans	(230)	(364)	(426)
Increase in accounts receivable and billed portion of finance receivables	(576)	(776)	(296)
Collections of deferred proceeds from sales of receivables	482	470	380
Increase in inventories	(38)	—	(124)
Increase in equipment on operating leases	(303)	(276)	(298)
Decrease in finance receivables	609	947	90
Collections on beneficial interest from sales of finance receivables	58	—	—
Increase in other current and long-term assets	(145)	(265)	(249)
(Decrease) increase in accounts payable and accrued compensation	(29)	120	82
Decrease in other current and long-term liabilities	(50)	(71)	(22)
Net change in income tax assets and liabilities	3	42	89
Net change in derivative assets and liabilities	(11)	11	39
Other operating, net	(145)	(82)	(121)
Net cash provided by operating activities	2,375	2,580	1,961
Cash Flows from Investing Activities:			
Cost of additions to land, buildings and equipment	(346)	(388)	(338)
Proceeds from sales of land, buildings and equipment	86	9	28
Cost of additions to internal use software	(81)	(125)	(163)
Proceeds from sale of businesses	26	—	—
Acquisitions, net of cash acquired	(155)	(276)	(212)
Other investing, net	18	19	10
Net cash used in investing activities	(452)	(761)	(675)
Cash Flows from Financing Activities:			
Net (payments) proceeds on debt	(434)	(108)	49
Payment of liability to subsidiary trust issuing preferred securities	—	—	(670)
Common stock dividends	(272)	(231)	(241)
Preferred stock dividends	(24)	(24)	(24)
Proceeds from issuances of common stock	124	44	44
Excess tax benefits from stock-based compensation	16	10	6
Payments to acquire treasury stock, including fees	(696)	(1,052)	(701)
Repurchases related to stock-based compensation	(57)	(42)	(27)
Distributions to noncontrolling interests	(56)	(69)	(22)
Other financing	(3)	—	—
Net cash used in financing activities	(1,402)	(1,472)	(1,586)
Effect of exchange rate changes on cash and cash equivalents	(3)	(3)	(9)
Increase (decrease) in cash and cash equivalents	518	344	(309)
Cash and cash equivalents at beginning of year	1,246	902	1,211
Cash and Cash Equivalents at End of Year	$ 1,764	$ 1,246	$ 902

The accompanying notes are an integral part of these Consolidated Financial Statements.

XEROX CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in millions)	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[3]	Xerox Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2010	$ 1,398	$ 6,580	$ —	$ 6,016	$ (1,988)	$ 12,006	$ 153	$ 12,159
Comprehensive income, net	—	—	—	1,295	(728)	567	32	599
Cash dividends declared-common stock[1]	—	—	—	(241)	—	(241)	—	(241)
Cash dividends declared-preferred stock[2]	—	—	—	(24)	—	(24)	—	(24)
Contribution of common stock to U.S. pension plan	17	113	—	—	—	130	—	130
Stock option and incentive plans, net	11	128	—	—	—	139	—	139
Payments to acquire treasury stock, including fees	—	—	(701)	—	—	(701)	—	(701)
Cancellation of treasury stock	(73)	(504)	577	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(36)	(36)
Balance at December 31, 2011	$ 1,353	$ 6,317	$ (124)	$ 7,046	$ (2,716)	$ 11,876	$ 149	$ 12,025
Comprehensive income, net	—	—	—	1,195	(511)	684	28	712
Cash dividends declared-common stock[1]	—	—	—	(226)	—	(226)	—	(226)
Cash dividends declared-preferred stock[2]	—	—	—	(24)	—	(24)	—	(24)
Contribution of common stock to U.S. pension plan	15	115	—	—	—	130	—	130
Stock option and incentive plans, net	18	115	—	—	—	133	—	133
Payments to acquire treasury stock, including fees	—	—	(1,052)	—	—	(1,052)	—	(1,052)
Cancellation of treasury stock	(147)	(925)	1,072	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(34)	(34)
Balance at December 31, 2012	$ 1,239	$ 5,622	$ (104)	$ 7,991	$ (3,227)	$ 11,521	$ 143	$ 11,664
Comprehensive income, net	—	—	—	1,159	448	1,607	19	1,626
Cash dividends declared-common stock[1]	—	—	—	(287)	—	(287)	—	(287)
Cash dividends declared-preferred stock[2]	—	—	—	(24)	—	(24)	—	(24)
Conversion of notes to common stock	1	8	—	—	—	9	—	9
Stock option and incentive plans, net	28	142	—	—	—	170	—	170
Payments to acquire treasury stock, including fees	—	—	(696)	—	—	(696)	—	(696)
Cancellation of treasury stock	(58)	(490)	548	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(43)	(43)
Balance at December 31, 2013	$ 1,210	$ 5,282	$ (252)	$ 8,839	$ (2,779)	$ 12,300	$ 119	$ 12,419

(1) Cash dividends declared on common stock of $0.0575 in each quarter of 2013 and $0.0425 in each quarter of 2012 and 2011.
(2) Cash dividends declared on preferred stock of $20 per share in each quarter of 2013, 2012 and 2011.
(3) AOCL - Accumulated other comprehensive loss.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 1 – Summary of Significant Accounting Policies

References herein to “we,” “us,” “our,” the “Company” and “Xerox” refer to Xerox Corporation and its consolidated subsidiaries unless the context suggests otherwise.

Description of Business and Basis of Presentation

Xerox is a $21.4 billion global enterprise for business process and document management solutions. We offer business process outsourcing and IT outsourcing services, including data processing, healthcare solutions, human resource benefits management, finance support, transportation solutions and customer relationship management services for commercial and government organizations worldwide. We also provide extensive leading-edge document technology, services, software and genuine Xerox supplies for graphic communication and office printing environments of any size.

Basis of Consolidation

The Consolidated Financial Statements include the accounts of Xerox Corporation and all of our controlled subsidiary companies. All significant intercompany accounts and transactions have been eliminated. Investments in business entities in which we do not have control, but we have the ability to exercise significant influence over operating and financial policies (generally 20% to 50% ownership) are accounted for using the equity method of accounting. Operating results of acquired businesses are included in the Consolidated Statements of Income from the date of acquisition.

We consolidate variable interest entities if we are deemed to be the primary beneficiary of the entity. Operating results for variable interest entities in which we are determined to be the primary beneficiary are included in the Consolidated Statements of Income from the date such determination is made.

For convenience and ease of reference, we refer to the financial statement caption “Income before Income Taxes and Equity Income” as “pre-tax income” throughout the Notes to the Consolidated Financial Statements.

In 2013 we completed the sale of our U.S. and Canadian (North American or N.A.) and Western European (European) Paper businesses. Results from these paper-related businesses are reported as discontinued operations and all prior period results have been reclassified to reflect this change. Refer to Note 3 - Acquisitions and Divestitures for additional information regarding discontinued operations.

Use of Estimates

The preparation of our Consolidated Financial Statements requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Future events and their effects cannot be predicted with certainty; accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our Consolidated Financial Statements will change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. Our estimates are based on management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates.

The following table summarizes certain significant costs and expenses that require management estimates for the three years ended December 31, 2013:

Expense/(Income)	Year Ended December 31, 2013	2012	2011
Provisions for restructuring and asset impairments	$ 116	$ 154	$ 32
Provisions for receivables	123	127	154
Provisions for litigation and regulatory matters	(34)	(1)	11
Provisions for obsolete and excess inventory	35	30	39
Provisions for product warranty liability	28	29	30
Depreciation and obsolescence of equipment on operating leases	283	279	294
Depreciation of buildings and equipment	431	452	405
Amortization of internal use software	147	116	91
Amortization of product software	43	19	11
Amortization of acquired intangible assets	332	328	401
Amortization of customer contract costs	122	107	49
Defined pension benefits - net periodic benefit cost(1)	267	300	177
Retiree health benefits - net periodic benefit cost	1	11	14
Income tax expense	276	272	377

(1) 2011 includes $107 pre-tax curtailment gain - refer to Note 15 - Employee Benefit Plans for additional information.

Changes in Estimates

In the ordinary course of accounting for the items discussed above, we make changes in estimates as appropriate and as we become aware of new or revised circumstances surrounding those estimates. Such changes and refinements in estimation methodologies are reflected in reported results of operations in the period in which the changes are made and, if material, their effects are disclosed in the Notes to the Consolidated Financial Statements and in Management's Discussion and Analysis of Financial Condition and Results of Operations.

New Accounting Standards and Accounting Changes

Except for the Accounting Standard Updates (ASU's) discussed below, the new ASU's issued by the FASB during the last two years did not have any significant impact on the Company.

Income Taxes

In July 2013, the FASB issued **ASU 2013-11**, Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This update provides guidance on the financial statement presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, exists. The guidance from this update is effective prospectively for our fiscal year beginning January 1, 2014. Upon adoption of this standard, we expect to reclassify approximately $200 of liabilities for unrecognized tax benefits against deferred tax assets.

Hedge Accounting

In July 2013, the FASB issued **ASU 2013-10**, Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes. The update permits the Fed Funds Effective Swap Rate to be used as a U.S. benchmark interest rate for hedge accounting purposes under FASB ASC Topic 815, in addition to the interest rates on direct Treasury obligations of the U.S. government (UST) and the London Interbank Offered Rate (LIBOR). The update also removes the restriction on using different benchmark rates for similar hedges. ASU 2013-10 is effective prospectively for qualifying new or re-designated hedging relationships entered into on or after July 17, 2013. The adoption of this standard did not have a material impact on our financial condition or results of operations.

Cumulative Translation Adjustments

In March 2013, the FASB issued **ASU 2013-05**, Parent's Accounting for the *Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*. The objective of ASU 2013-05 is to resolve the diversity in practice regarding the release into net income of the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. The guidance from this update is effective prospectively for our fiscal year beginning January 1, 2014.

We do not anticipate that the adoption of this standard will have a material impact on our financial condition or results of operations.

Presentation of Comprehensive Income

In February 2013, the FASB issued **ASU No. 2013-02**, Comprehensive Income (Topic 220) - Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which requires an entity to provide additional information about the amounts reclassified out of Accumulated Other Comprehensive Income by component. This update was effective for us beginning January 1, 2013 and the additional information required by this ASU is reported in Note 20 - Other Comprehensive Income, including amounts related to 2012 and 2011.

Balance Sheet Offsetting

In December 2011, the FASB issued **ASU 2011-11**, Balance Sheet (Topic 210), Disclosures about Offsetting Assets and Liabilities. ASU 2011-11 requires entities to disclose both gross information and net information about both instruments and transactions eligible for offset in the Balance Sheet and instruments and transactions subject to an agreement similar to a master netting arrangement to enable users of its financial statements to understand the effects of offsetting and related arrangements on its financial position. In January 2013, the FASB issued ASU 2013-01, which limited the scope of this guidance to derivatives, repurchase type agreements and securities borrowing and lending transactions. The guidance from these updates was effective for our fiscal year beginning January 1, 2013. We currently report our derivative assets and liabilities on a gross basis in the Balance Sheet and none of our derivative instruments are subject to a master netting agreement. Accordingly, no additional disclosures were required upon adoption of these ASU's.

Fair Value Accounting

In May 2011, the FASB issued **ASU 2011-04,** which amended Fair Value Measurements and Disclosures - Overall (ASC Topic 820-10) to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. This update changed certain fair value measurement principles and enhanced the disclosure requirements, particularly for level 3 fair value measurements. We adopted this update prospectively effective for our fiscal year beginning January 1, 2012. This update did not have a material effect on financial condition or results of operations.

Summary of Accounting Policies

Revenue Recognition

We generate revenue through services, the sale and rental of equipment, supplies and income associated with the financing of our equipment sales. Revenue is recognized when it is realized or realizable and earned. We consider revenue realized or realizable and earned when we have persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured. Delivery does not occur until equipment has been shipped or services have been provided to the customer, risk of loss has transferred to the customer, and either customer acceptance has been obtained, customer acceptance provisions have lapsed, or the company has objective evidence that the criteria specified in the customer acceptance provisions have been satisfied. The sales price is not considered to be fixed or determinable until all contingencies related to the sale have been resolved. More specifically, revenue related to services and sales of our products is recognized as follows:

Equipment-Related Revenues

Equipment: Revenues from the sale of equipment, including those from sales-type leases, are recognized at the time of sale or at the inception of the lease, as appropriate. For equipment sales that require us to install the product at the customer location, revenue is recognized when the equipment has been delivered and installed at the customer location. Sales of customer installable products are recognized upon shipment or receipt by the customer according to the customer's shipping terms. Revenues from equipment under other leases and similar arrangements are accounted for by the operating lease method and are recognized as earned over the lease term, which is generally on a straight-line basis.

Technical Services: Technical service revenues are derived primarily from maintenance contracts on the equipment sold to our customers and are recognized over the term of the contracts. A substantial portion of our products are sold with full service maintenance agreements for which the customer typically pays a base service fee plus a variable amount based on usage. As a consequence, other than the product warranty obligations associated with certain of our low end products, we do not have any significant product warranty obligations, including any obligations under customer satisfaction programs.

Bundled Lease Arrangements: We sell our products and services under bundled lease arrangements, which typically include equipment, service, supplies and financing components for which the customer pays a single negotiated fixed minimum monthly payment for all elements over the contractual lease term.These arrangements also typically include an incremental, variable component for page volumes in excess of contractual page volume minimums, which are often expressed in terms of price-per-page. The fixed minimum monthly payments are multiplied by the number of months in the contract term to arrive at the total fixed minimum payments that the customer is obligated to make (fixed payments) over the lease term. The payments associated with page volumes in excess of the minimums are contingent on whether or not such minimums are exceeded (contingent payments). In applying our lease accounting methodology, we only consider the fixed payments for purposes of allocating to the relative fair value elements of the contract. Contingent payments, if any, are recognized as revenue in the period when the customer exceeds the minimum copy volumes specified in the contract. Revenues under bundled arrangements are allocated considering the relative selling prices of the lease and non-lease deliverables included in the bundled arrangement. Lease deliverables include the equipment, financing, maintenance and other executory costs, while non-lease deliverables generally consist of the supplies and non-maintenance services. The allocation for the lease deliverables begins by allocating revenues to the maintenance and other executory costs plus a profit thereon. These elements are generally recognized over the term of the lease as service revenue. The remaining amounts are allocated to the equipment and financing elements which are subjected to the accounting estimates noted below under "Leases."

Our pricing interest rates, which are used in determining customer payments in a bundled lease arrangement, are developed based upon a variety of factors including local prevailing rates in the marketplace and the customer's credit history, industry and credit class. We reassess our pricing interest rates quarterly based on changes in the local prevailing rates in the marketplace. These interest rates have generally been adjusted if the rates vary by 25 basis points or more, cumulatively, from the last rate in effect. The pricing interest rates generally equal the implicit rates within the leases, as corroborated by our comparisons of cash to lease selling prices.

Sales to distributors and resellers: We utilize distributors and resellers to sell many of our technology products to end-user customers. We refer to our distributor and reseller network as our two-tier distribution model. Sales to distributors and resellers are generally recognized as revenue when products are sold to such distributors and resellers. However, revenue is only recognized when the distributor or reseller has economic substance apart from the company, the sales price is not contingent upon resale or payment by the end user customer and we have no further obligations related to bringing about the resale, delivery or installation of the product.

Distributors and resellers participate in various rebate, price-protection, cooperative marketing and other programs, and we record provisions for these programs as a reduction to revenue when the sales occur. Similarly, we account for our estimates of sales returns and other allowances when the sales occur based on our historical experience.

In certain instances, we may provide lease financing to end-user customers who purchased equipment we sold to distributors or resellers. We compete with other third-party leasing companies with respect to the lease financing provided to these end-user customers.

Supplies: Supplies revenue generally is recognized upon shipment or utilization by customers in accordance with the sales contract terms.

Software: Most of our equipment has both software and non-software components that function together to deliver the equipment's essential functionality and therefore they are accounted for together as part of equipment sales revenues. Software accessories sold in connection with our equipment sales, as well as free-standing software sales are accounted for as separate deliverables or elements. In most cases, these software products are sold as part of multiple element arrangements and include software maintenance agreements for the delivery of technical service, as well as unspecified upgrades or enhancements on a when-and-if-available basis. In those software accessory and free-standing software arrangements that include more than one element, we allocate the revenue among the elements based on vendor-specific objective evidence (VSOE) of fair value. Revenue allocated to software is normally recognized upon delivery while revenue allocated to the software maintenance element is recognized ratably over the term of the arrangement.

Leases: As noted above, equipment may be placed with customers under bundled lease arrangements. The two primary accounting provisions which we use to classify transactions as sales-type or operating leases are: (1) a review of the lease term to determine if it is equal to or greater than 75% of the economic life of the equipment and (2) a review of the present value of the minimum lease payments to determine if they are equal to or greater than 90% of the fair market value of the equipment at the inception of the lease.

We consider the economic life of most of our products to be five years, since this represents the most frequent contractual lease term for our principal products and only a small percentage of our leases are for original terms longer than five years. There is no significant after-market for our used equipment. We believe five years is representative of the period during which the equipment is expected to be economically usable, with normal service, for the purpose for which it is intended. Residual values are not significant.

With respect to fair value, we perform an analysis of equipment fair value based on cash selling prices during the applicable period. The cash selling prices are compared to the range of values determined for our leases. The range of cash selling prices must be reasonably consistent with the lease selling prices in order for us to determine that such lease prices are indicative of fair value.

Financing: Finance income attributable to sales-type leases, direct financing leases and installment loans is recognized on the accrual basis using the effective interest method.

Services-Related Revenue

Outsourcing: Revenues associated with outsourcing services are generally recognized as services are rendered, which is generally on the basis of the number of accounts or transactions processed. Information technology processing revenues are recognized as services are provided to the customer, generally at the contractual selling prices of resources consumed or capacity utilized by our customers. In those service arrangements where final acceptance of a system or solution by the customer is required, revenue is deferred until all acceptance criteria have been met. Revenues on cost reimbursable contracts are recognized by applying an estimated factor to costs as incurred, determined by the contract provisions and prior experience. Revenues on unit-price contracts are recognized at the contractual selling prices as work is completed and accepted by the customer. Revenues on time and material contracts are recognized at the contractual rates as the labor hours and direct expenses are incurred.

Revenues on certain fixed price contracts where we provide system development and implementation services are recognized over the contract term based on the percentage of development and implementation services that are provided during the period compared with the total estimated development and implementation services to be provided over the entire contract using the percentage-of-completion accounting methodology. These services require that we perform significant, extensive and complex design, development, modification or implementation of our customers' systems. Performance will often extend over long periods, and our right to receive future payment depends on our future performance in accordance with the agreement.

The percentage-of-completion methodology involves recognizing probable and reasonably estimable revenue using the percentage of services completed, on a current cumulative cost to estimated total cost basis, using a reasonably consistent profit margin over the period.

Revenues earned in excess of related billings are accrued, whereas billings in excess of revenues earned are deferred until the related services are provided. We recognize revenues for non-refundable, upfront implementation fees on a straight-line basis over the period between the initiation of the ongoing services through the end of the contract term.

In connection with our services arrangements, we incur and capitalize costs to originate these long-term contracts and to perform the migration, transition and setup activities necessary to enable us to perform under the terms of the arrangement. Certain initial direct costs of an arrangement are capitalized and amortized over the contractual service period of the arrangement to cost of services.

From time to time, we also provide inducements to customers in various forms, including contractual credits, which are capitalized and amortized as a reduction of revenue over the term of the contract. Customer-related deferred set-up/transition and inducement costs were $399 and $356 at December 31, 2013 and 2012, respectively, and the balance at December 31, 2013 is expected to be amortized over a weighted average period of approximately 6 years. Amortization expense associated with customer-related contract costs at December 31, 2013 is expected to be approximately $132 in 2014.

Long-lived assets used in the fulfillment of the arrangements are capitalized and depreciated over the shorter of their useful life or the term of the contract if an asset is contract specific.

Our outsourcing services contracts may also include the sale of equipment and software. In these instances we follow the policies noted above under Equipment-Related Revenue.

Other Revenue Recognition Policies

Multiple Element Arrangements: As described above, we enter into the following revenue arrangements that may consist of multiple deliverables:

- Bundled lease arrangements, which typically include both lease deliverables and non-lease deliverables as described above.
- Contracts for multiple types of outsourcing services, as well as professional and value-added services. For instance, we may contract for an implementation or development project and also provide services to operate the system over a period of time; or we may contract to scan, manage and store customer documents.

In substantially all of our multiple element arrangements, we are able to separate the deliverables since we normally will meet both of the following criteria:

- The delivered item(s) has value to the customer on a stand-alone basis; and
- If the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in our control.

Consideration in a multiple-element arrangement is allocated at the inception of the arrangement to all deliverables on the basis of the relative selling price. When applying the relative selling price method, the selling price for each deliverable is primarily determined based on VSOE or third-party evidence (TPE) of the selling price. The above noted revenue policies are then applied to each separated deliverable, as applicable.

Revenue-based taxes: We report revenue net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions. The primary revenue-based taxes are sales tax and value-added tax (VAT).

Other Significant Accounting Policies

Shipping and Handling

Costs related to shipping and handling are recognized as incurred and included in Cost of sales in the Consolidated Statements of Income.

Research, Development and Engineering (RD&E)

Research, development and engineering costs are expensed as incurred. Sustaining engineering costs are incurred with respect to on-going product improvements or environmental compliance after initial product launch. Sustaining engineering costs were $122, $110 and $108 in 2013, 2012 and 2011, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, including money market funds, and investments with original maturities of three months or less.

Receivable Sales

We regularly transfer certain portions of our receivable portfolios and normally account for those transfers as sales based on meeting the criteria for derecognition in accordance with ASC Topic 860 "Transfer and Servicing" of Financial Assets. Gains or losses on the sale of receivables depend, in part, on both (a) the cash proceeds and (b) the net non-cash proceeds received or paid. When we sell receivables we normally receive beneficial interests in the transferred receivables from the purchasers as part of the proceeds. We may refer to these beneficial interests as a deferred purchase price. The beneficial interests obtained are initially measured at their fair value. We generally estimate fair value based on the present value of expected future cash flows, which are calculated using management's best estimates of the key assumptions including credit losses, prepayment rate and discount rates commensurate with the risks involved. Refer to Note 4 - Accounts Receivable, Net and Note 5 - Finance Receivables, Net for more details on our receivable sales.

Inventories

Inventories are carried at the lower of average cost or market. Inventories also include equipment that is returned at the end of the lease term. Returned equipment is recorded at the lower of remaining net book value or salvage value, which normally are not significant. We regularly review inventory quantities and record a provision for excess and/or obsolete inventory based primarily on our estimated forecast of product demand, production requirements and servicing commitments. Several factors may influence the realizability of our inventories, including our decision to exit a product line, technological changes and new product development. The provision for excess and/or obsolete raw materials and equipment inventories is based primarily on near term forecasts of product demand and include consideration of new product introductions, as well as changes in remanufacturing strategies. The provision for excess and/or obsolete service parts inventory is based primarily on projected servicing requirements over the life of the related equipment populations.

Land, Buildings and Equipment and Equipment on Operating Leases

Land, buildings and equipment are recorded at cost. Buildings and equipment are depreciated over their estimated useful lives. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life. Equipment on operating leases is depreciated to estimated salvage value over the lease term. Depreciation is computed using the straight-line method. Significant improvements are capitalized and maintenance and repairs are expensed. Refer to Note 6 - Inventories and Equipment on Operating Leases, Net and Note 7 - Land, Buildings, Equipment and Software, Net for further discussion.

Software - Internal Use and Product

We capitalize direct costs associated with developing, purchasing or otherwise acquiring software for internal use and amortize these costs on a straight-line basis over the expected useful life of the software, beginning when the software is implemented (Internal Use Software). Costs incurred for upgrades and enhancements that will not result in additional functionality are expensed as incurred. Amounts expended for Internal Use Software are included in Cash Flows from Investing.

We also capitalize certain costs related to the development of software solutions to be sold to our customers upon reaching technological feasibility (Product Software). These costs are amortized based on estimated future revenues over the estimated economic life of the software. Amounts expended for Product Software are included in Cash Flows from Operations. We perform periodic reviews to ensure that unamortized Product Software costs remain recoverable from estimated future operating profits (net realizable value or NRV). Costs to support or service licensed software are charged to Costs of services as incurred.

Refer to Note 7 - Land,Buildings, Equipment and Software, Net for further information.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of acquired net assets in a business combination, including the amount assigned to identifiable intangible assets. The primary drivers that generate goodwill are the value of synergies between the acquired entities and the company and the acquired assembled workforce, neither of which qualifies as an identifiable intangible asset. Goodwill is not amortized but rather is tested for impairment annually or more frequently if an event or circumstance indicates that an impairment loss may have been incurred.

Impairment testing for goodwill is done at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (a "component") if the component constitutes a business for which discrete financial information is available, and segment management regularly reviews the operating results of that component.

When testing goodwill for impairment, we may assess qualitative factors for some or all of our reporting units to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. Alternatively, we may bypass this qualitative assessment for some or all of our reporting units and perform a detailed quantitative test of impairment (Step 1). If we perform the detailed quantitative impairment test and the carrying amount of the reporting unit exceeds its fair value, we would perform an analysis (Step 2) to measure such impairment. In 2013, we elected to proceed to the quantitative assessment of the recoverability of our goodwill balances for each of our reporting units in performing our annual impairment test. Based on our quantitative assessments, we concluded that the fair values of each of our reporting units in 2013 exceeded their carrying values and no impairments were identified.

Other intangible assets primarily consist of assets obtained in connection with business acquisitions, including installed customer base and distribution network relationships, patents on existing technology and trademarks. We apply an impairment evaluation whenever events or changes in business circumstances indicate that the carrying value of our intangible assets may not be recoverable. Other intangible assets are amortized on a straight-line basis over their estimated economic lives. We believe that the straight-line method of amortization reflects an appropriate allocation of the cost of the intangible assets to earnings in proportion to the amount of economic benefits obtained annually by the Company.

Refer to Note 9 - Goodwill and Intangible Assets, Net for further information.

Impairment of Long-Lived Assets

We review the recoverability of our long-lived assets, including buildings, equipment, internal use software and other intangible assets, when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of the asset from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. Our primary measure of fair value is based on discounted cash flows.

Pension and Post-Retirement Benefit Obligations

We sponsor defined benefit pension plans in various forms in several countries covering employees who meet eligibility requirements. Retiree health benefit plans cover U.S. and Canadian employees for retiree medical costs. We employ a delayed recognition feature in measuring the costs of pension and post-retirement benefit plans. This requires changes in the benefit obligations and changes in the value of assets set aside to meet those obligations to be recognized not as they occur, but systematically and gradually over subsequent periods. All changes are ultimately recognized as components of net periodic benefit cost, except to the extent they may be offset by subsequent changes. At any point, changes that have been identified and quantified but not recognized as components of net periodic benefit cost, are recognized in Accumulated Other Comprehensive Loss, net of tax.

Several statistical and other factors that attempt to anticipate future events are used in calculating the expense, liability and asset values related to our pension and retiree health benefit plans. These factors include assumptions we make about the discount rate, expected return on plan assets, rate of increase in healthcare costs, the rate of future compensation increases and mortality. Actual returns on plan assets are not immediately recognized in our income statement due to the delayed recognition requirement. In calculating the expected return on the plan asset component of our net periodic pension cost, we apply our estimate of the long-term rate of return on the plan assets that support our pension obligations, after deducting assets that are specifically allocated to Transitional Retirement Accounts (which are accounted for based on specific plan terms).

For purposes of determining the expected return on plan assets, we utilize a market-related value approach in determining the value of the pension plan assets, rather than a fair market value approach. The primary difference between the two methods relates to systematic recognition of changes in fair value over time (generally two years) versus immediate recognition of changes in fair value. Our expected rate of return on plan assets is applied to the market-related asset value to determine the amount of the expected return on plan assets to be used in the determination of the net periodic pension cost. The market-related value approach reduces the volatility in net periodic pension cost that would result from using the fair market value approach.

The discount rate is used to present value our future anticipated benefit obligations. The discount rate reflects the current rate at which benefit liabilities could be effectively settled considering the timing of expected payments for plan participants. In estimating our discount rate, we consider rates of return on high-quality fixed-income investments adjusted to eliminate the effects of call provisions, as well as the expected timing of pension and other benefit payments.

Each year, the difference between the actual return on plan assets and the expected return on plan assets, as well as increases or decreases in the benefit obligation as a result of changes in the discount rate and other actuarial assumptions, are added to or subtracted from any cumulative actuarial gain or loss from prior years. This amount is the net actuarial gain or loss recognized in Accumulated other comprehensive loss. We amortize net actuarial gains and losses as a component of net pension cost for a year if, as of the beginning of the year, that net gain or loss (excluding asset gains or losses that have not been recognized in market-related value) exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets (the "corridor" method). This determination is made on a plan-by-plan basis. If amortization is required for a particular plan, we amortize the applicable net gain or loss in excess of the 10% threshold on a straight-line basis in net periodic pension cost over the remaining service period of the employees participating in that pension plan. In plans where substantially all participants are inactive, the amortization period for the excess is the average remaining life expectancy of the plan participants.

Our primary domestic plans allow participants the option of settling their vested benefits through the receipt of a lump-sum payment. The participant's vested benefit is considered fully settled upon payment of the lump-sum. We have elected to apply settlement accounting and therefore we recognize the losses associated with settlements in this plan immediately upon the settlement of the vested benefits. Settlement accounting requires us to recognize a pro rata portion of the aggregate unamortized net actuarial losses upon settlement. The pro rata factor is computed as the percentage reduction in the projected benefit obligation due to the settlement of the participant's vested benefit.

Refer to Note 15 - Employee Benefit Plans for further information regarding our Pension and Post-Retirement Benefit Obligations.

Foreign Currency Translation and Re-measurement

The functional currency for most foreign operations is the local currency. Net assets are translated at current rates of exchange and income, expense and cash flow items are translated at average exchange rates for the applicable period. The translation adjustments are recorded in Accumulated other comprehensive loss.

The U.S. Dollar is used as the functional currency for certain foreign subsidiaries that conduct their business in U.S. Dollars. A combination of current and historical exchange rates is used in re-measuring the local currency transactions of these subsidiaries and the resulting exchange adjustments are recorded in Currency (gains) and losses within Other expenses, net together with other foreign currency remeasurments.

Note 2 – Segment Reporting

Our reportable segments are aligned with how we manage the business and view the markets we serve. We report our financial performance based on the following two primary reportable segments – **Services and Document Technology**. Our Services segment operations involve delivery of a broad range of services including business process, document and IT outsourcing. Our Document Technology segment includes the sale and support of a broad range of document systems from entry level to high-end.

The **Services** segment is comprised of three outsourcing service offerings:

- Business Process Outsourcing (BPO)
- Document Outsourcing (which includes Managed Print Services) (DO)
- Information Technology Outsourcing (ITO)

Business process outsourcing services include service arrangements where we manage a customer's business activity or process. Document outsourcing services include service arrangements that allow customers to streamline, simplify and digitize their document-intensive business processes through automation and deployment of software applications and tools and the management of their printing needs. Document outsourcing also includes revenues from our partner print services offerings. Information technology outsourcing services include service arrangements where we manage a customer's IT-related activities, such as application management and application development, data center operations or testing and quality assurance.

Our **Document Technology** segment is centered on strategic product groups, which share common technology, manufacturing and product platforms. Our product groupings range from:

- **"Entry,"** which includes A4 devices and desktop printers; to
- **"Mid-range,"** which includes A3 devices that generally serve workgroup environments in mid to large enterprises and includes products that fall into the following market categories: Color 41+ ppm priced at less than $100K and Light Production 91+ ppm priced at less than $100K; to
- **"High-end,"** which includes production printing and publishing systems that generally serve the graphic communications marketplace and large enterprises.

Customers range from small and mid-sized businesses to large enterprises. Customers also include graphic communication enterprises as well as channel partners including distributors and resellers. Segment revenues reflect the sale of document systems and supplies, technical services and product financing.

The segment classified as **Other** includes several units, none of which meet the thresholds for separate segment reporting. This group includes paper sales in our developing market countries, Wide Format Systems, licensing revenues, GIS network integration solutions and electronic presentation systems and non-allocated corporate items including non-financing interest, as well as other items included in Other expenses, net.

As discussed in Note 3 - Acquisitions and Divestitures, during 2013, we completed the sales of our North American and European Paper businesses. As a result of these transactions, in 2013 we began to report these paper-related operations as Discontinued Operations and reclassified their results from the Other segment to Discontinued Operations. All prior periods have been reclassified to conform to this presentation.

Selected financial information for our Reportable segments was as follows:

	Years Ended December 31,			
	Services	Document Technology	Other	Total
2013 (1)				
Revenue	$ 11,792	$ 8,500	$ 660	$ 20,952
Finance income	67	408	8	483
Total Segment Revenue	$ 11,859	$ 8,908	$ 668	$ 21,435
Interest expense	$ 19	$ 140	$ 247	$ 406
Segment profit (loss)(2)	1,157	966	(222)	1,901
Equity in net income of unconsolidated affiliates	34	135	—	169
2012 (1)				
Revenue	$ 11,453	$ 8,951	$ 736	$ 21,140
Finance income	75	511	11	597
Total Segment Revenue	$ 11,528	$ 9,462	$ 747	$ 21,737
Interest expense	$ 22	$ 172	$ 236	$ 430
Segment profit (loss)(2)	1,173	1,065	(256)	1,982
Equity in net income of unconsolidated affiliates	30	122	—	152
2011 (1)				
Revenue	$ 10,754	$ 9,722	$ 792	$ 21,268
Finance income	83	537	12	632
Total Segment Revenue	$ 10,837	$ 10,259	$ 804	$ 21,900
Interest expense	$ 25	$ 202	$ 251	$ 478
Segment profit (loss)(2)	1,207	1,140	(285)	2,062
Equity in net income of unconsolidated affiliates	31	118	—	149

(1) Asset information on a segment basis is not disclosed as this information is not separately identified and internally reported to our Chief Operating Decision Maker (CODM).

(2) Depreciation and amortization expense, which is recorded in Cost of Sales, Cost of Services, RD&E and SAG are included in segment profit above. This information is neither identified nor internally reported to our CODM.

The following is a reconciliation of segment profit to pre-tax income:

	Years Ended December 31,		
Segment Profit Reconciliation to Pre-tax Income	2013	2012	2011
Total Segment Profit	$ 1,901	$ 1,982	$ 2,062
Reconciling items:			
Amortization of intangible assets	(332)	(328)	(398)
Equity in net income of unconsolidated affiliates	(169)	(152)	(149)
Restructuring and asset impairment charges	(116)	(154)	(32)
Restructuring charges of Fuji Xerox	(9)	(16)	(19)
Litigation matters (Q1 2013 only)	37	—	—
Loss on early extinguishment of liability and debt	—	—	(33)
Curtailment gain	—	—	107
Other	—	—	(3)
Pre-tax Income	$ 1,312	$ 1,332	$ 1,535

Geographic area data is based upon the location of the subsidiary reporting the revenue or long-lived assets and is as follows for the three years ended December 31:

	Revenues			Long-Lived Assets [1]		
	2013	2012	2011	2013	2012	2011
United States	$ 14,534	$ 14,500	$ 14,253	$ 1,870	$ 1,966	$ 1,894
Europe	4,574	4,733	5,148	761	784	776
Other areas	2,327	2,504	2,499	243	262	276
Total Revenues and Long-Lived Assets	$ 21,435	$ 21,737	$ 21,900	$ 2,874	$ 3,012	$ 2,946

(1) Long-lived assets are comprised of (i) land, buildings and equipment, net, (ii) equipment on operating leases, net, (iii) internal use software, net and (iv) product software, net.

Note 3 – Acquisitions and Divestitures

Acquisitions

2013 Acquisitions

In April 2013, we acquired Florida based **Zeno Office Solutions, Inc. (Zeno)**, a provider of print and IT solutions to small and mid-sized businesses in the Southeast, for approximately $59 in cash. This acquisition furthers our coverage in Florida, building on our strategy of expanding our network of locally-based companies focused on customers' requirements to improve their performance through efficiencies.

In February 2013, we acquired **Impika**, a leader in the design, manufacture and sale of production inkjet printing solutions used for industrial, commercial, security, label and package printing for approximately $53 in cash. Impika, which is based in Aubagne, France, offers a portfolio of aqueous (water-based) inkjet presses based on proprietary technology. Through the addition of Impika's aqueous technology to our offerings, we go to market with the industry's broadest range of digital presses, strengthening our leadership in digital color production printing.

Zeno and Impika are included in our Document Technology segment. Additionally, during 2013, our Document Technology segment acquired one additional business for approximately $12 in cash, and our Services segment acquired three businesses for a total of $31 in cash.

2013 Summary

All of our 2013 acquisitions reflected 100% ownership of the acquired companies. The operating results of the acquisitions described above are not material to our financial statements and are included within our results from their respective acquisition dates. Our 2013 acquisitions contributed aggregate revenues of approximately $56 to our 2013 total revenues from their respective acquisition dates. The purchase prices for all acquisitions were primarily allocated to intangible assets and goodwill based on third-party valuations and management's estimates. The primary elements that generated the goodwill are the value of synergies and the acquired assembled workforce. None of the goodwill recorded in 2013 is expected to be deductible for tax purposes. Refer to Note 9 - Goodwill and Intangible Assets, Net for additional information.

The following table summarizes the purchase price allocations for our 2013 acquisitions as of the acquisition dates:

	Weighted-Average Life (Years)	Total 2013 Acquisitions
Accounts/finance receivables		$ 10
Intangible assets:		
Customer relationships	10	19
Existing technology	14	17
Trademarks	19	11
Non-compete agreements	4	3
Software	5	7
Goodwill		121
Other assets		16
Total Assets Acquired		204
Liabilities assumed		(49)
Total Purchase Price		$ 155

2012 and 2011 Acquisitions

In July 2012, we acquired **Wireless Data Services, Ltd. (WDS)**, a provider of technical support, knowledge management and related consulting to the world's largest wireless telecommunication brands for approximately $95 (£60 million) in cash. Based in the U.K., WDS's expertise in the telecommunications industry strengthens our broad portfolio of customer care solutions.

In February 2012, we acquired **R.K. Dixon**, a leading provider of IT services, copiers, printers and managed print services for approximately $58 in cash. The acquisition furthers our coverage of central Illinois and eastern Iowa, building on our strategy to create a nationwide network of locally-based companies focused on customers' needs to improve performance through efficiencies.

In December 2011, we acquired the Merizon Group Inc. which operates **MBM** formerly known as Modern Business Machines, a Wisconsin-based office products distributor for approximately $42 net of cash acquired. The acquisition furthers our strategy of creating a nationwide network of locally-based companies focused on improving document workflow and office efficiency.

In November 2011, we acquired **The Breakaway Group (Breakaway)**, a cloud-based service provider that helps healthcare professionals accelerate their adoption of an electronic medical records (EMR) system, for approximately $18 net of cash acquired. We are also obligated to pay the sellers up to an additional $25 if certain future performance targets are achieved, of which $18 was recorded as of the acquisition date representing the estimated fair value of this obligation for a total acquisition fair value of $36 (see "Contingent Consideration" below). The Denver-based firm's technology allows caregivers to practice using an EMR system without jeopardizing actual patient data. This acquisition adds to our offering of services that help healthcare professionals use the EMR system for clinical benefit.

In September 2011, we acquired the net assets related to the **U.S. operations of Symcor Inc. (Symcor)**. In connection with the acquisition, we assumed and took over the operational responsibility for the customer contracts related to this operation. We agreed to pay $17 for the acquired net assets and the seller agreed to pay us $52, which represented the fair value of the liabilities assumed for a net cash receipt of $35.The assumed liabilities primarily include customer contract liabilities representing the estimated fair value of the obligations associated with the assumed customer contracts. We are recognizing these liabilities over a weighted-average period of approximately two years consistent with the cash outflows from the contracts. Symcor specializes in outsourcing services for U.S. financial institutions and its offerings range from cash management services to statement and check processing.

In July 2011, we acquired **Education Sales and Marketing, LLC (ESM)**, a leading provider of outsourced enrollment management and student loan default solutions, for approximately $43 net of cash acquired. The acquisition of ESM enables us to offer a broader range of services to assist post-secondary schools in attracting and retaining the most qualified students while reducing accreditation risk.

In April 2011, we acquired **Unamic/HCN B.V.**, the largest privately-owned customer care provider in the Benelux region in Western Europe, for approximately $55 net of cash acquired. Unamic/HCN's focus on the Dutch-speaking market expands our customer care capabilities in the Netherlands, Belgium, Turkey and Suriname.

In February 2011, we acquired **Concept Group, Ltd.** for $41 net of cash acquired. This acquisition expands our reach into the small and mid-size business market in the U.K. Concept Group has nine locations throughout the U.K. and provides document imaging solutions and technical services to more than 3,000 customers.

Our Document Technology segment also acquired three additional business in 2012 and seven additional business in 2011 for $62 and $21, respectively, in cash. These acquisitions were largely a part of our strategy of increasing our distribution network for small and mid-size businesses. Our Services segment acquired four additional businesses in 2012 and three additional business in 2011 for $61 and $25, respectively, in cash primarily related to customer care and software to support our BPO service offerings.

Summary - 2012 and 2011 Acquisitions

All of our 2012 and 2011 acquisitions reflected 100% ownership of the acquired companies. The operating results of the 2012 and 2011 acquisitions described above were not material to our financial statements and were included within our results from the respective acquisition dates. WDS, Breakaway, Symcor, ESM and Unamic/HCN were included within our Services segment while the acquisitions of R.K. Dixon, MBM and Concept Group were included within our Document Technology segment. The purchase prices for all acquisitions, except Symcor, were primarily allocated to intangible assets and goodwill based on third-party valuations and management's estimates. Refer to Note 9 - Goodwill and Intangible Assets, Net for additional information. Our 2012 acquisitions contributed aggregate revenues from their respective acquisition dates of approximately $277 and $162 to our 2013 and 2012 total revenues, respectively. Our 2011 acquisitions contributed aggregate revenues from their respective acquisition dates of approximately $396, $397 and $177 to our 2013, 2012 and 2011 total revenues, respectively.

Contingent Consideration

In connection with certain acquisitions, we are obligated to make contingent payments if specified contractual performance targets are achieved. Contingent consideration obligations are recorded at their respective fair value. As of December 31, 2013, the maximum aggregate amount of outstanding contingent obligations to former owners of acquired entities was approximately $60, of which $36 was accrued representing the estimated fair value of this obligation.

Divestitures

During 2013, in connection with our decision to exit from the Paper distribution business, we completed the sale of our N.A. Paper business and our European Paper business. The decision to exit from the Paper distribution business was largely the result of management's objective to focus more on Services and innovative Document Technology. Net proceeds from the sale of the N.A. and European Paper businesses were approximately $36, of which $26 was received in cash and is reported as cash flows from investing activities in the Consolidated Statements of Cash Flows. The remainder of the proceeds of $10 were received as a note receivable, which is payable in October 2014.

As a result of these transactions, in 2013 we reported these paper-related operations as Discontinued Operations and reclassified their results from the Other segment to Discontinued Operations. All prior periods have accordingly been reclassified to conform to this presentation. The net assets sold or expected to be sold in connection with these transactions are primarily related to working capital - accounts receivables and inventory - utilized in the business.

We recorded a net pre-tax loss of $25 for the disposition of our N.A. and European Paper businesses. The loss is primarily related to exit and disposal costs associated with these businesses. The disposals resulted in a reduction in headcount of approximately 300 employees, primarily in Europe.

The components of Discontinued Operations for the periods presented are as follows:

(in millions)	Year Ended December 31, 2013	2012	2011
Revenues*	$ 403	$ 653	$ 726
Income from operations	$ 3	$ 16	$ 30
Loss on disposal	(25)	—	—
Net (Loss) Income Before Income Taxes	$ (22)	$ 16	$ 30
Income tax expense	(4)	(5)	(9)
(Loss) Income From Discontinued Operations, Net of Tax	$ (26)	$ 11	$ 21

** 2013 revenue from discontinued operations reflects five months of N.A. paper revenue as a result of the completion of the sale of this business on May 31, 2013 and ten months of European Paper revenue as a result of the completion of the sale of this business on October 31, 2013.*

Note 4 – Accounts Receivable, Net

Accounts receivable, net were as follows:

	December 31, 2013	2012
Amounts billed or billable	$ 2,651	$ 2,639
Unbilled amounts	390	335
Allowance for doubtful accounts	(112)	(108)
Accounts Receivable, Net	$ 2,929	$ 2,866

Unbilled amounts include amounts associated with percentage-of-completion accounting and other earned revenues not currently billable due to contractual provisions. Amounts to be invoiced in the subsequent month for current services provided are included in amounts billable, and at December 31, 2013 and 2012 were approximately $1,054 and $1,049, respectively.

We perform ongoing credit evaluations of our customers and adjust credit limits based upon customer payment history and current creditworthiness. The allowance for uncollectible accounts receivables is determined principally on the basis of past collection experience as well as consideration of current economic conditions and changes in our customer collection trends.

Accounts Receivable Sales Arrangements

Accounts receivable sales arrangements are utilized in the normal course of business as part of our cash and liquidity management. We have facilities in the U.S., Canada and several countries in Europe that enable us to sell certain accounts receivable without recourse to third-parties. The accounts receivables sold are generally short-term trade receivables with payment due dates of less than 60 days.

All of our arrangements involve the sale of our entire interest in groups of accounts receivable for cash. In most instances a portion of the sales proceeds are held back by the purchaser and payment is deferred until collection of the related receivables sold. Such holdbacks are not considered legal securities nor are they certificated. We report collections on such receivables as operating cash flows in the Consolidated Statements of Cash Flows because such receivables are the result of an operating activity and the associated interest rate risk is de minimis due to their short-term nature. Our risk of loss following the sales of accounts receivable is limited to the outstanding deferred purchase price receivable. These receivables are included in the caption “Other current assets” in the accompanying Consolidated Balance Sheets and were $121 and $116 at December 31, 2013 and 2012, respectively.

Under most of the agreements, we continue to service the sold accounts receivable. When applicable, a servicing liability is recorded for the estimated fair value of the servicing. The amounts associated with the servicing liability were not material.

Of the accounts receivables sold and derecognized from our balance sheet, $723 and $766 remained uncollected as of December 31, 2013 and 2012, respectively. Accounts receivable sales were as follows:

	Year Ended December 31,		
	2013	2012	2011
Accounts receivable sales	$ 3,401	$ 3,699	$ 3,218
Deferred proceeds	486	639	386
Loss on sale of accounts receivables	17	21	20
Estimated (decrease) increase to operating cash flows[1]	(55)	(78)	133

(1) Represents the difference between current and prior year fourth quarter receivable sales adjusted for the effects of: (i) the deferred proceeds, (ii) collections prior to the end of the year and (iii) currency.

Note 5 – Finance Receivables, Net

Finance receivables include sales-type leases, direct financing leases and installment loans arising from the marketing of our equipment. These receivables are typically collateralized by a security interest in the underlying assets. Finance receivables, net were as follows:

	December 31,	
	2013	2012
Gross receivables	$ 5,349	$ 6,290
Unearned income	(666)	(809)
Subtotal	4,683	5,481
Residual values	1	2
Allowance for doubtful accounts	(154)	(170)
Finance Receivables, Net	4,530	5,313
Less: Billed portion of finance receivables, net	113	152
Less: Current portion of finance receivables not billed, net	1,500	1,836
Finance Receivables Due After One Year, Net	$ 2,917	$ 3,325

Contractual maturities of our gross finance receivables as of December 31, 2013 were as follows (including those already billed of $124):

2014	2015	2016	2017	2018	Thereafter	Total
$ 2,010	$ 1,504	$ 1,023	$ 572	$ 221	$ 19	$ 5,349

Transfer and Sale of Finance Receivables

U.S. Lease Finance Receivable Transactions - In 2013 and 2012, we transferred our entire interest in certain groups of U.S. lease finance receivables to a third-party financial institution for cash proceeds and a beneficial interest from the purchaser. The lease contracts, including associated service and supply elements, were initially transferred to a wholly-owned consolidated bankruptcy-remote limited purpose subsidiary, which in turn transferred the principal and interest portions of such contracts to the third-party financial institution (the "ultimate purchaser"). The final transfer met the requirements for derecognition according to ASC Topic 860, *Transfers and Servicing* and therefore were accounted for as sales. Accordingly, we derecognized the associated lease receivables. The following is a summary of our U.S. activity:

	Year Ended December 31,		
	2013	2012	2011
Net carrying value (NCV) sold	$ 419	$ 682	$ —
Allowance included in NCV	12	18	—
Cash proceeds received	387	630	—
Beneficial interests received	60	101	—
Pre-tax gain on sales	25	44	—
Net fees and expenses	3	5	—

The principal value of the U.S. receivables derecognized from our balance sheet was $761 and $644 at December 31, 2013 and 2012, respectively (sales value of approximately $833 and $715, respectively).

The beneficial interest represents our right to receive future cash flows from the sold receivables, which exceed the servicing fee as well as the ultimate purchaser's initial investment and associated return on that investment. The beneficial interest was initially recognized at an estimate of fair value based on the present value of the expected future cash flows. The present value of the expected future cash flows was calculated using management's best estimate of key assumptions including credit losses, prepayment rate and an appropriate risk adjusted discount rate (all unobservable Level 3 inputs) for which we utilized annualized rates of 2.1%, 9.3% and 10.0%, respectively. These assumptions are supported by both our historical experience and anticipated trends relative to the particular portfolio of receivables sold. However, to assess the sensitivity on the fair value of the beneficial interest, we adjusted the credit loss rate, prepayment rate and discount rate assumptions individually by 10% and 20% while holding the other assumptions constant. Although the effect of multiple assumption changes was not considered in this analysis, a 10% or 20% adverse variation in any one of these three individual assumptions would have decreased the initially recorded beneficial interest by approximately $3 or less for sales in 2013 and $4 or less for sales in 2012.

We will continue to service the sold receivables for which we receive a 1% servicing fee. We have concluded that the 1% servicing fee is adequate compensation and, accordingly, no servicing asset or liability was recorded.

Canada Lease Finance Receivables Transfer: In December 2013, our Canadian subsidiary transferred its entire interest in a group of lease finance receivables to a third-party trust. The transfer was accounted for as a sale and resulted in the derecognition of lease receivables with a net carrying value of $257, net of allowance of $5, the receipt of cash proceeds of $248 and a beneficial interest of $26. A pre-tax gain of $15 was recognized on this transaction and is net of additional fees and expenses of approximately $1. We will continue to service the sold receivables for which we will receive a 1% servicing fee. We have concluded that the 1% servicing fee is adequate compensation and, accordingly, no servicing asset or liability was recorded. The principal value of the Canadian receivables derecognized from our balance sheet was $245 at December 31, 2013 (sale value of approximately $265).

Consistent with the U.S. transfers, the beneficial interest was initially recognized at an estimate of fair value based on the present value of the expected future cash flows. The present value of the expected future cash flows was calculated using management's best estimate of key assumptions including credit losses, prepayment rate and an appropriate risk adjusted discount rate (all unobservable Level 3 inputs) for which we utilized annualized rates of 1.7%, 12.0% and 10.0%, respectively. These assumptions are supported by both our historical experience and anticipated trends relative to the particular portfolio of receivables sold. However, to assess the sensitivity on the fair value of the beneficial interest, we adjusted the credit loss rate, prepayment rate and discount rate assumptions individually by 10% and 20% while holding the other assumptions constant. Although the effect of multiple assumption changes was not considered in this analysis, a 10% or 20% adverse variation in any one of these three individual assumptions would have decreased the initially recorded beneficial interest by approximately $1 or less.

Summary Finance Receivable Sales The lease portfolios transferred and sold were all from our Document Technology segment and the gains on these sales were reported in Financing revenues within the Document Technology segment. The ultimate purchaser has no recourse to our other assets for the failure of customers to pay principal and interest when due beyond our beneficial interests which were $150 and $103 at December 31, 2013 and 2012, respectively, and are included in Other current assets and Other long-term assets accordingly in the accompanying Consolidated Balance Sheets. Beneficial interests of $124 and $103 at December 31, 2013 and 2012, respectively, are held by the bankruptcy-remote subsidiaries and therefore are not available to satisfy any of our creditor obligations. We report collections on the beneficial interests as operating cash flows in the Consolidated Statements of Cash Flows because such beneficial interests are the result of an operating activity and the associated interest rate risk is de minimis considering their weighted average lives of less than 2 years.

The net impact from the sales of finance receivables on operating cash flows is summarized below:

	Year Ended December 31,		
	2013	2012	2011
Net cash received for sales of finance receivables(1)	$ 631	$ 625	$ —
Impact from prior sales of finance receivables(2)	(392)	(45)	—
Collections on beneficial interest	58	—	—
Estimated Increase to Operating Cash Flows	$ 297	$ 580	$ —

(1) Net of beneficial interest, fees and expenses.
(2) Represents cash that would have been collected if we had not sold finance receivables.

Finance Receivables - Allowance for Credit Losses and Credit Quality

Our finance receivable portfolios are primarily in the U.S., Canada and Europe. We generally establish customer credit limits and estimate the allowance for credit losses on a country or geographic basis. Customer credit limits are based upon an initial evaluation of the customer's credit quality and we adjust that limit accordingly based upon ongoing credit assessments of the customer, including payment history and changes in credit quality.

The allowance for doubtful accounts and provision for credit losses represents an estimate of the losses expected to be incurred from the Company's finance receivable portfolio. The level of the allowance is determined on a collective basis by applying projected loss rates to our different portfolios by country, which represent our portfolio segments. This is the level at which we develop and document our methodology to determine the allowance for credit losses. This loss rate is primarily based upon historical loss experience adjusted for judgments about the probable effects of relevant observable data including current economic conditions as well as delinquency trends, resolution rates, the aging of receivables, credit quality indicators and the financial health of specific customer classes or groups. The allowance for doubtful finance receivables is inherently more difficult to estimate than the allowance for trade accounts receivable because the underlying lease portfolio has an average maturity, at any time, of approximately two to three years and contains past due billed amounts, as well as unbilled amounts. We consider all available information in our quarterly assessments of the adequacy of the allowance for doubtful accounts. The identification of account-specific exposure is not a significant factor in establishing the allowance for doubtful finance receivables. Our policy and methodology used to establish our allowance for doubtful accounts has been consistently applied over all periods presented.

Since our allowance for doubtful finance receivables is determined by country, the risk characteristics in our finance receivable portfolio segments will generally be consistent with the risk factors associated with the economies of those countries/regions. Loss rates declined in the U.S. reflecting the effects of improved collections during 2012 and 2013 as well as the lower balance of finance receivables primarily due to sales in 2012 and 2013. The loss rate in Canada was flat in 2013 as compared to the prior year. Since Europe is comprised of various countries and regional economies, the risk profile within our European portfolio segment is somewhat more diversified due to the varying economic conditions among the countries. Charge-offs in Europe were flat in 2013 as compared to the prior years reflecting a stabilization of the credit issues noted in 2011. Loss rates peaked in 2011 as a result of the European economic challenges particularly for those countries in the southern region.

The following table is a rollforward of the allowance for doubtful finance receivables as well as the related investment in finance receivables:

Allowance for Credit Losses:	United States	Canada	Europe	Other(3)	Total
Balance at December 31, 2011	$ 75	$ 33	$ 91	$ 2	$ 201
Provision	11	9	52	3	75
Charge-offs	(21)	(15)	(59)	(2)	(97)
Recoveries and other(1)	3	4	1	1	9
Sale of finance receivables	(18)	—	—	—	(18)
Balance at December 31, 2012	50	31	85	4	170
Provision	13	11	53	4	81
Charge-offs	(8)	(16)	(60)	(2)	(86)
Recoveries and other(1)	2	1	3	—	6
Sale of finance receivables	(12)	(5)	—	—	(17)
Balance at December 31, 2013	$ 45	$ 22	$ 81	$ 6	$ 154
Finance Receivables Collectively Evaluated for Impairment:					
December 31, 2012(2)	$ 2,012	$ 801	$ 2,474	$ 194	$ 5,481
December 31, 2013(2)	$ 1,666	$ 421	$ 2,292	$ 304	$ 4,683

(1) Includes the impacts of foreign currency translation and adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.

(2) Total Finance receivables exclude residual values of $1 and $2 and the allowance for credit losses of $154 and $170 at December 31, 2013 and 2012, respectively.

(3) Includes developing market countries and smaller units.

In the U.S. and Canada, customers are further evaluated or segregated by class based on industry sector. The primary customer classes are Finance & Other Services, Government & Education; Graphic Arts; Industrial; Healthcare and Other. In Europe, customers are further grouped by class based on the country or region of the customer. The primary customer classes include the U.K./Ireland, France and the following European regions - Central, Nordic and Southern. These groupings or classes are used to understand the nature and extent of our exposure to credit risk arising from finance receivables.

We evaluate our customers based on the following credit quality indicators:

- **Investment grade:** This rating includes accounts with excellent to good business credit, asset quality and the capacity to meet financial obligations. These customers are less susceptible to adverse effects due to shifts in economic conditions or changes in circumstance. The rating generally equates to a Standard & Poors (S&P) rating of BBB- or better. Loss rates in this category are normally minimal at less than 1%.
- **Non-investment grade:** This rating includes accounts with average credit risk that are more susceptible to loss in the event of adverse business or economic conditions. This rating generally equates to a BB S&P rating. Although we experience higher loss rates associated with this customer class, we believe the risk is somewhat mitigated by the fact that our leases are fairly well dispersed across a large and diverse customer base. In addition, the higher loss rates are largely offset by the higher rates of return we obtain with such leases. Loss rates in this category are generally in the range of 2% to 4%.
- **Substandard:** This rating includes accounts that have marginal credit risk such that the customer's ability to make repayment is impaired or may likely become impaired. We use numerous strategies to mitigate risk including higher rates of interest, prepayments, personal guarantees, etc. Accounts in this category include customers who were downgraded during the term of the lease from investment and non-investment grade evaluation when the lease was originated. Accordingly there is a distinct possibility for a loss of principal and interest or customer default. The loss rates in this category are around 10%.

Credit quality indicators are updated at least annually, and the credit quality of any given customer can change during the life of the portfolio. Details about our finance receivables portfolio based on industry and credit quality indicators are as follows:

	December 31, 2013				December 31, 2012			
	Investment Grade	Non-investment Grade	Sub-standard	Total Finance Receivables	Investment Grade	Non-investment Grade	Sub-standard	Total Finance Receivables
Finance and other services	$ 189	$ 102	$ 34	$ 325	$ 252	$ 147	$ 59	$ 458
Government and education	656	12	3	671	750	15	4	769
Graphic arts	142	59	108	309	92	90	137	319
Industrial	92	28	15	135	115	31	17	163
Healthcare	74	25	16	115	109	37	14	160
Other	55	27	29	111	70	39	34	143
Total United States	1,208	253	205	1,666	1,388	359	265	2,012
Finance and other services	57	32	19	108	151	116	40	307
Government and education	96	9	1	106	117	10	2	129
Graphic arts	34	28	23	85	37	34	30	101
Industrial	34	22	23	79	66	40	29	135
Other	29	9	5	43	75	43	11	129
Total Canada	250	100	71	421	446	243	112	801
France	282	314	122	718	274	294	134	702
U.K./Ireland	199	171	42	412	215	155	50	420
Central(1)	287	394	43	724	315	445	56	816
Southern(2)	102	187	58	347	139	230	73	442
Nordic(3)	46	42	3	91	49	36	9	94
Total Europe	916	1,108	268	2,292	992	1,160	322	2,474
Other	226	69	9	304	148	39	7	194
Total	$ 2,600	$ 1,530	$ 553	$ 4,683	$ 2,974	$ 1,801	$ 706	$ 5,481

(1) Switzerland, Germany, Austria, Belgium and Holland.
(2) Italy, Greece, Spain and Portugal.
(3) Sweden, Norway, Denmark and Finland.

The aging of our receivables portfolio is based upon the number of days an invoice is past due. Receivables that are more than 90 days past due are considered delinquent. Receivable losses are charged against the allowance when management believes the uncollectibility of the receivable is confirmed and is generally based on individual credit evaluations, results of collection efforts and specific circumstances of the customer. Subsequent recoveries, if any, are credited to the allowance.

We generally continue to maintain equipment on lease and provide services to customers that have invoices for finance receivables that are 90 days or more past due and, as a result of the bundled nature of billings, we also continue to accrue interest on those receivables. However, interest revenue for such billings is only recognized if collectability is deemed reasonably assured. The aging of our billed finance receivables is as follows:

	December 31, 2013						
	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Finance and other services	$ 7	$ 2	$ 1	$ 10	$ 315	$ 325	$ 12
Government and education	17	4	3	24	647	671	34
Graphic arts	12	1	—	13	296	309	5
Industrial	3	1	1	5	130	135	6
Healthcare	3	1	—	4	111	115	5
Other	3	1	—	4	107	111	3
Total United States	45	10	5	60	1,606	1,666	65
Canada	4	3	3	10	411	421	19
France	—	—	—	—	718	718	40
U.K./Ireland	1	1	—	2	410	412	2
Central[(1)]	3	2	3	8	716	724	23
Southern[(2)]	21	5	7	33	314	347	45
Nordic[(3)]	2	—	—	2	89	91	—
Total Europe	27	8	10	45	2,247	2,292	110
Other	8	1	—	9	295	304	—
Total	$ 84	$ 22	$ 18	$ 124	$ 4,559	$ 4,683	$ 194

	December 31, 2012						
	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Finance and other services	$ 12	$ 3	$ 2	$ 17	$ 441	$ 458	$ 18
Government and education	21	5	3	29	740	769	42
Graphic arts	16	1	1	18	301	319	12
Industrial	5	2	1	8	155	163	6
Healthcare	6	2	1	9	151	160	9
Other	5	1	1	7	136	143	6
Total United States	65	14	9	88	1,924	2,012	93
Canada	2	3	2	7	794	801	30
France	—	5	1	6	696	702	22
U.K./Ireland	2	—	2	4	416	420	2
Central[(1)]	3	2	4	9	807	816	30
Southern[(2)]	20	8	14	42	400	442	72
Nordic[(3)]	1	—	—	1	93	94	—
Total Europe	26	15	21	62	2,412	2,474	126
Other	2	1	—	3	191	194	—
Total	$ 95	$ 33	$ 32	$ 160	$ 5,321	$ 5,481	$ 249

(1) Switzerland, Germany, Austria, Belgium and Holland.
(2) Italy, Greece, Spain and Portugal.
(3) Sweden, Norway, Denmark and Finland.

Note 6 – Inventories and Equipment on Operating Leases, Net

The following is a summary of Inventories by major category:

	December 31, 2013	December 31, 2012
Finished goods	$ 837	$ 844
Work-in-process	60	61
Raw materials	101	106
Total Inventories	$ 998	$ 1,011

The transfer of equipment from our inventories to equipment subject to an operating lease is presented in our Consolidated Statements of Cash Flows in the operating activities section. Equipment on operating leases and similar arrangements consists of our equipment rented to customers and depreciated to estimated salvage value at the end of the lease term.

Equipment on operating leases and the related accumulated depreciation were as follows:

	December 31, 2013	December 31, 2012
Equipment on operating leases	$ 1,575	$ 1,533
Accumulated depreciation	(1,016)	(998)
Equipment on Operating Leases, Net	$ 559	$ 535

Depreciable lives generally vary from three to four years consistent with our planned and historical usage of the equipment subject to operating leases. Our equipment operating lease terms vary, generally from one to three years. Scheduled minimum future rental revenues on operating leases with original terms of one year or longer are:

2014	2015	2016	2017	2018	Thereafter
$ 331	$ 275	$ 181	$ 95	$ 41	$ 14

Total contingent rentals on operating leases, consisting principally of usage charges in excess of minimum contracted amounts, for the years ended December 31, 2013, 2012 and 2011 amounted to $151, $158 and $154, respectively.

Note 7 - Land, Buildings, Equipment and Software, Net

Land, buildings and equipment, net were as follows:

	Estimated Useful Lives (Years)	December 31, 2013	December 31, 2012
Land		$ 50	$ 61
Buildings and building equipment	25 to 50	1,086	1,135
Leasehold improvements	Varies	483	506
Plant machinery	5 to 12	1,493	1,571
Office furniture and equipment	3 to 15	1,826	1,681
Other	4 to 20	83	83
Construction in progress		66	74
Subtotal		5,087	5,111
Accumulated depreciation		(3,621)	(3,555)
Land, Buildings and Equipment, Net		$ 1,466	$ 1,556

Depreciation expense and operating lease rent expense were as follows:

	Year Ended December 31,		
	2013	2012	2011
Depreciation expense	$ 431	$ 452	$ 405
Operating lease rent expense[(1)]	754	646	681

(1) We lease certain land, buildings and equipment, substantially all of which are accounted for as operating leases. Capital leased assets were approximately $150 and $80 at December 31, 2013 and 2012, respectively.

Future minimum operating lease commitments that have initial or remaining non-cancelable lease terms in excess of one year at December 31, 2013 were as follows:

2014	2015	2016	2017	2018	Thereafter
$ 579	$ 467	$ 304	$ 122	$ 72	$ 92

Internal Use and Product Software

	Year Ended December 31,		
Additions to:	2013	2012	2011
Internal use software	$ 81	$ 125	$ 163
Product software	37	107	108

	December 31,	
Capitalized costs, net:	2013	2012
Internal use software	$ 506	$ 577
Product software	343	344

Useful lives of our internal use and product software generally vary from three to ten years.

Included within product software at December 31, 2013 is approximately $250 of capitalized costs associated with significant software systems developed for use in certain of our government services businesses. We regularly review these software systems for impairment. Our impairment review for 2013 and 2012 indicated that the costs will be recoverable from estimated future operating profits; however, those future operating profits are heavily dependent on our ability to successfully obtain future contracts.

Note 8 – Investment in Affiliates, at Equity

Investments in corporate joint ventures and other companies in which we generally have a 20% to 50% ownership interest were as follows:

	December 31,	
	2013	2012
Fuji Xerox	$ 1,224	$ 1,317
All other equity investments	61	64
Investments in Affiliates, at Equity	$ 1,285	$ 1,381

Our equity in net income of our unconsolidated affiliates was as follows:

	Year Ended December 31,		
	2013	2012	2011
Fuji Xerox	$ 156	$ 139	$ 137
Other investments	13	13	12
Total Equity in Net Income of Unconsolidated Affiliates	$ 169	$ 152	$ 149

Fuji Xerox

Fuji Xerox is headquartered in Tokyo and operates in Japan, China, Australia, New Zealand and other areas of the Pacific Rim. Our investment in Fuji Xerox of $1,224 at December 31, 2013, differs from our implied 25% interest in the underlying net assets, or $1,329, due primarily to our deferral of gains resulting from sales of assets by us to Fuji Xerox.

Equity in net income of Fuji Xerox is affected by certain adjustments to reflect the deferral of profit associated with intercompany sales. These adjustments may result in recorded equity income that is different from that implied by our 25% ownership interest.

Summarized financial information for Fuji Xerox is as follows:

	Year Ended December 31,		
	2013	2012	2011
Summary of Operations			
Revenues	$ 11,415	$ 12,633	$ 12,367
Costs and expenses	10,479	11,783	11,464
Income before income taxes	936	850	903
Income tax expense	276	279	312
Net Income	660	571	591
Less: Net income - noncontrolling interests	5	6	5
Net Income - Fuji Xerox	$ 655	$ 565	$ 586
Balance Sheet			
Assets:			
Current assets	$ 4,955	$ 5,154	$ 5,056
Long-term assets	5,160	6,158	6,064
Total Assets	$ 10,115	$ 11,312	$ 11,120
Liabilities and Equity:			
Current liabilities	$ 3,114	$ 3,465	$ 3,772
Long-term debt	978	1,185	817
Other long-term liabilities	680	917	700
Noncontrolling interests	28	27	25
Fuji Xerox shareholders' equity	5,315	5,718	5,806
Total Liabilities and Equity	$ 10,115	$ 11,312	$ 11,120

Yen/U.S. Dollar exchange rates used to translate are as follows:

Financial Statement	Exchange Basis	2013	2012	2011
Summary of Operations	Weighted average rate	97.52	79.89	79.61
Balance Sheet	Year-end rate	105.15	86.01	77.62

Transactions with Fuji Xerox

We receive dividends from Fuji Xerox, which are reflected as a reduction in our investment. Additionally, we have a Technology Agreement with Fuji Xerox whereby we receive royalty payments for their use of our Xerox brand trademark, as well as rights to access our patent portfolio in exchange for access to their patent portfolio. These payments are included in Outsourcing, maintenance and rental revenues in the Consolidated Statements of Income. We also have arrangements with Fuji Xerox whereby we purchase inventory from and sell inventory to Fuji Xerox. Pricing of the transactions under these arrangements is based upon terms the Company believes to be negotiated at arm's length. Our purchase commitments with Fuji Xerox are in the normal course of business and typically have a lead time of three months. In addition, we pay Fuji Xerox and they pay us for unique research and development costs.

Transactions with Fuji Xerox were as follows:

	Year Ended December 31,		
	2013	2012	2011
Dividends received from Fuji Xerox	$ 60	$ 52	$ 58
Royalty revenue earned	118	132	128
Inventory purchases from Fuji Xerox	1,903	2,069	2,180
Inventory sales to Fuji Xerox	145	147	151
R&D payments received from Fuji Xerox	2	2	2
R&D payments paid to Fuji Xerox	21	15	21

As of December 31, 2013 and 2012, net amounts due to Fuji Xerox were $85 and $110, respectively.

Note 9 - Goodwill and Intangible Assets, Net

Goodwill

The following table presents the changes in the carrying amount of goodwill, by reportable segment:

	Services	Document Technology	Total
Balance at December 31, 2010	$ 6,522	$ 2,127	$ 8,649
Foreign currency translation	(28)	(6)	(34)
Acquisitions:			
Unamic/HCN	43	—	43
Breakaway	33	—	33
ESM	28	—	28
Concept Group	—	26	26
MBM	—	20	20
Other	21	17	38
Balance at December 31, 2011	$ 6,619	$ 2,184	$ 8,803
Foreign currency translation	41	34	75
Acquisitions:			
WDS	69	—	69
R.K. Dixon	—	30	30
Other	51	34	85
Balance at December 31, 2012	$ 6,780	$ 2,282	$ 9,062
Foreign currency translation	6	16	22
Acquisitions:			
Zeno	—	44	44
Impika	—	43	43
Other	29	5	34
Balance at December 31, 2013	$ 6,815	$ 2,390	$ 9,205

Intangible Assets, Net

Net intangible assets were $2.5 billion at December 31, 2013 and approximately $2.1 billion relate to our Services segment and $0.4 billion relate to our Document Technology segment. Intangible assets were comprised of the following:

		December 31, 2013			December 31, 2012		
	Weighted Average Amortization	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer relationships	12 years	$ 3,580	$ 1,359	$ 2,221	$ 3,562	$ 1,052	$ 2,510
Distribution network	25 years	123	69	54	123	64	59
Trademarks(1)	20 years	269	72	197	257	59	198
Technology, patents and non-compete(1)	9 years	41	10	31	23	7	16
Total Intangible Assets		$ 4,013	$ 1,510	$ 2,503	$ 3,965	$ 1,182	$ 2,783

(1) Includes $10 and $5 of indefinite-lived assets within trademarks and technology, respectively, related to the 2010 acquisition of ACS.

Amortization expense related to intangible assets was $332, $328, and $401 for the years ended December 31, 2013, 2012 and 2011, respectively.

Excluding the impact of additional acquisitions, amortization expense is expected to approximate $327 in 2014 and 2015, and $323 in years 2016 through 2018.

Note 10 – Restructuring and Asset Impairment Charges

Over the past several years, we have engaged in a series of restructuring programs related to downsizing our employee base, exiting certain activities, outsourcing certain internal functions and engaging in other actions designed to reduce our cost structure and improve productivity. These initiatives primarily consist of severance actions and impact all major geographies and segments. Management continues to evaluate our business, therefore, in future years, there may be additional provisions for new plan initiatives as well as changes in previously recorded estimates, as payments are made or actions are completed. Asset impairment charges were also incurred in connection with these restructuring actions for those assets sold, abandoned or made obsolete as a result of these programs.

Costs associated with restructuring, including employee severance and lease termination costs are generally recognized when it has been determined that a liability has been incurred, which is generally upon communication to the affected employees or exit from the leased facility, respectively. In those geographies where we have either a formal severance plan or a history of consistently providing severance benefits representing a substantive plan, we recognize employee severance costs when they are both probable and reasonably estimable.

A summary of our restructuring program activity during the three years ended December 31, 2013 is as follows:

	Severance and Related Costs	Lease Cancellation and Other Costs	Asset Impairments[1]	Total
Balance at December 31, 2010	$ 298	$ 25	$ —	$ 323
Restructuring provision	97	1	5	103
Reversals of prior accruals	(65)	(6)	—	(71)
Net current period charges - continuing operations[2]	32	(5)	5	32
Discontinued operations[3]	1	—	—	1
Total Net Current Period Charges	33	(5)	5	33
Charges against reserve and currency	(215)	(13)	(5)	(233)
Balance at December 31, 2011	116	7	—	123
Restructuring provision	161	5	2	168
Reversals of prior accruals	(13)	—	(1)	(14)
Net current period charges - continuing operations[2]	148	5	1	154
Discontinued operations[3]	(1)	—	—	(1)
Total Net Current Period Charges	147	5	1	153
Charges against reserve and currency	(140)	(5)	(1)	(146)
Balance at December 31, 2012	123	7	—	130
Restructuring provision	142	2	1	145
Reversals of prior accruals	(29)	—	—	(29)
Net current period charges - continuing operations[2]	113	2	1	116
Discontinued operations[3]	6	—	—	6
Total Net Current Period Charges	119	2	1	122
Charges against reserve and currency	(133)	(2)	(1)	(136)
Balance at December 31, 2013	$ 109	$ 7	$ —	$ 116

(1) Charges associated with asset impairments represent the write-down of the related assets to their new cost basis and are recorded concurrently with the recognition of the provision.
(2) Represents amount recognized within the Consolidated Statements of Income for the years shown.
(3) Refer to Note 3 - Acquisitions and Divestitures for additional information regarding discontinued operations.

The following table summarizes the reconciliation to the Consolidated Statements of Cash Flows:

	Year Ended December 31,		
	2013	2012	2011
Charges against reserve	$ (136)	$ (146)	$ (233)
Asset impairment	1	1	5
Effects of foreign currency and other non-cash items	(1)	1	10
Restructuring Cash Payments	$ (136)	$ (144)	$ (218)

The following table summarizes the total amount of costs incurred in connection with these restructuring programs by segment:

	Year Ended December 31,		
	2013	2012	2011
Services	$ 39	$ 71	$ 12
Document Technology	77	83	23
Other	—	—	(3)
Total Net Restructuring Charges	$ 116	$ 154	$ 32

Note 11 - Supplementary Financial Information

The components of other current and long-term assets and liabilities were as follows:

	December 31, 2013	December 31, 2012
Other Current Assets		
Deferred taxes and income taxes receivable	$ 253	$ 296
Royalties, license fees and software maintenance	185	165
Restricted cash	147	151
Prepaid expenses	143	143
Derivative instruments	6	11
Deferred purchase price from sales of accounts receivables	121	116
Beneficial interests - sales of finance receivables	64	35
Advances and deposits	32	29
Other	256	216
Total Other Current Assets	$ 1,207	$ 1,162
Other Current Liabilities		
Deferred taxes and income taxes payable	$ 87	$ 105
Other taxes payable	180	170
Interest payable	80	83
Restructuring reserves	108	122
Derivative instruments	70	82
Product warranties	13	13
Dividends payable	84	69
Distributor and reseller rebates/commissions	125	117
Servicer liabilities	140	146
Other	826	869
Total Other Current Liabilities	$ 1,713	$ 1,776
Other Long-term Assets		
Prepaid pension costs	$ 55	$ 35
Net investment in discontinued operations	173	190
Internal use software, net	506	577
Product software, net	343	344
Restricted cash	170	214
Debt issuance costs, net	31	37
Customer contract costs, net	399	356
Beneficial interests - sales of finance receivables	86	68
Deferred compensation plan investments	116	100
Other	343	416
Total Other Long-term Assets	$ 2,222	$ 2,337
Other Long-term Liabilities		
Deferred and other tax liabilities	$ 286	$ 262
Environmental reserves	12	14
Unearned income	168	134
Restructuring reserves	8	8
Other	283	360
Total Other Long-term Liabilities	$ 757	$ 778

Restricted Cash and Investments

As more fully discussed in Note 17 - Contingencies and Litigation, various litigation matters in Brazil require us to make cash deposits to escrow as a condition of continuing the litigation. In addition, as more fully discussed in Note 4 - Accounts Receivable, Net and Note 5 - Finance Receivables, Net, we continue to service the receivables sold under most of our receivable sale agreements. As servicer, we may collect cash related to sold receivables prior to year-end that will be remitted to the purchaser the following year. Since we are acting on behalf of the purchaser in our capacity as servicer, such cash collected is reported as restricted cash. Restricted cash amounts are classified in our Consolidated Balance Sheets based on when the cash will be contractually or judicially released.

Restricted cash amounts were as follows:

	December 31,	
	2013	2012
Tax and labor litigation deposits in Brazil	$ 167	$ 211
Escrow and cash collections related to receivable sales	140	146
Other restricted cash	10	8
Total Restricted Cash and Investments	$ 317	$ 365

Net Investment in Discontinued Operations

At December 31, 2013, our net investment in discontinued operations primarily consisted of a $191 performance-based instrument relating to the 1997 sale of The Resolution Group (TRG) net of remaining net liabilities associated with our discontinued operations of $18. The recovery of the performance-based instrument is dependent on the sufficiency of TRG's available cash flows, as guaranteed by TRG's ultimate parent, which are expected to be recovered in annual cash distributions through 2017. The performance-based instrument is pledged as security for our future funding obligations to our U.K. Pension Plan for salaried employees.

Note 12 – Debt

Short-term borrowings were as follows:

	December 31,	
	2013	2012
Commercial paper	$ —	$ —
Notes Payable	5	—
Current maturities of long-term debt	1,112	1,042
Total Short-term Debt	$ 1,117	$ 1,042

We classify our debt based on the contractual maturity dates of the underlying debt instruments or as of the earliest put date available to the debt holders. We defer costs associated with debt issuance over the applicable term, or to the first put date in the case of convertible debt or debt with a put feature. These costs are amortized as interest expense in our Consolidated Statements of Income.

Long-term debt was as follows:

	December 31,		
	Weighted Average Interest Rates at December 31, 2013[(2)]	2013	2012
Xerox Corporation			
Senior Notes due 2013	—%	$ —	$ 400
Floating Rate Notes due 2013	—%	—	600
Convertible Notes due 2014	9.00%	9	19
Senior Notes due 2014	8.25%	750	750
Floating Rate Notes due 2014	1.06%	300	300
Senior Notes due 2015	4.29%	1,000	1,000
Notes due 2016	7.20%	250	250
Senior Notes due 2016	6.48%	700	700
Senior Notes due 2017	6.83%	500	500
Senior Notes due 2017	2.98%	500	500
Notes due 2018	0.57%	1	1
Senior Notes due 2018	6.37%	1,000	1,000
Senior Notes due 2019	2.77%	500	—
Senior Notes due 2019	5.66%	650	650
Senior Notes due 2021	5.39%	1,062	1,062
Senior Notes due 2039	6.78%	350	350
Subtotal - Xerox Corporation		$ 7,572	$ 8,082
Subsidiary Companies			
Senior Notes due 2015	4.25%	250	250
Borrowings secured by other assets	3.47%	146	77
Other	0.35%	6	1
Subtotal-Subsidiary Companies		$ 402	$ 328
Principal Debt Balance		7,974	8,410
Unamortized discount		(58)	(63)
Fair value adjustments[(1)]		100	142
Less: current maturities		(1,112)	(1,042)
Total Long-term Debt		$ 6,904	$ 7,447

(1) Fair value adjustments - during the period from 2004 to 2011, we early terminated several interest rate swaps that were designated as fair value hedges of certain debt instruments. The associated net fair value adjustments to debt are being amortized to interest expense over the remaining term of the related notes.
(2) Represents weighted average effective interest rate which includes the effect of discounts and premiums on issued debt.

Scheduled principal payments due on our long-term debt for the next five years and thereafter are as follows:

2014[(1)(2)]	2015	2016	2017	2018	Thereafter	Total
$ 1,107	$ 1,283	$ 975	$ 1,018	$ 1,011	$ 2,580	$ 7,974

(1) Quarterly long-term debt maturities for 2014 are $24, $1,063, $11 and $9 for the first, second, third and fourth quarters, respectively.
(2) Excludes fair value adjustment of $5.

Commercial Paper

We have a private placement commercial paper (CP) program in the U.S. under which we may issue CP up to a maximum amount of $2.0 billion outstanding at any time. Aggregate CP and Credit Facility borrowings may not exceed $2.0 billion outstanding at any time. The maturities of the CP Notes will vary, but may not exceed 390 days from the date of issue. The CP Notes are sold at a discount from par or, alternatively, sold at par and bear interest at market rates. At December 31, 2013 and 2012, we did not have any CP Notes outstanding.

Credit Facility

We have a $2.0 billion unsecured revolving Credit Facility with a group of lenders that matures in 2016. The Credit Facility contains a $300 letter of credit sub-facility, and also includes an accordion feature that would allow us to increase (from time to time, with willing lenders) the overall size of the facility up to an aggregate amount not to exceed $2.75 billion.

The Credit Facility provides a backstop to our $2.0 billion CP program. Proceeds from any borrowings under the Credit Facility can be used to provide working capital for the Company and its subsidiaries and for general corporate purposes.

At December 31, 2013 we had no outstanding borrowings or letters of credit under the Credit Facility.

The Credit Facility is available, without sublimit, to certain of our qualifying subsidiaries. Our obligations under the Credit Facility are unsecured and are not currently guaranteed by any of our subsidiaries. Any domestic subsidiary that guarantees more than $100 of Xerox Corporation debt must also guaranty our obligations under the Credit Facility. In the event that any of our subsidiaries borrows under the Credit Facility, its borrowings thereunder would be guaranteed by us.

Borrowings under the Credit Facility bear interest at our choice, at either (a) a Base Rate as defined in our Credit Facility agreement, plus a spread that varies between 0.00% and 0.45% depending on our credit rating at the time of borrowing, or (b) LIBOR plus an all-in spread that varies between 0.90% and 1.45% depending on our credit rating at the time of borrowing. Based on our credit rating as of December 31, 2013, the applicable all-in spreads for the Base Rate and LIBOR borrowing were 0.175% and 1.175%, respectively.

An annual facility fee is payable to each lender in the Credit Facility at a rate that varies between 0.10% and 0.30% depending on our credit rating. Based on our credit rating as of December 31, 2013, the applicable rate is 0.20%.

The Credit Facility contains various conditions to borrowing and affirmative, negative and financial maintenance covenants. Certain of the more significant covenants are summarized below:

(a) Maximum leverage ratio (a quarterly test that is calculated as principal debt divided by consolidated EBITDA, as defined) of 3.75x.
(b) Minimum interest coverage ratio (a quarterly test that is calculated as consolidated EBITDA divided by consolidated interest expense) may not be less than 3.00x.
(c) Limitations on (i) liens of Xerox and certain of our subsidiaries securing debt, (ii) certain fundamental changes to corporate structure, (iii) changes in nature of business and (iv) limitations on debt incurred by certain subsidiaries.

The Credit Facility also contains various events of default, the occurrence of which could result in termination of the lenders' commitments to lend and the acceleration of all our obligations under the Credit Facility. These events of default include, without limitation: (i) payment defaults, (ii) breaches of covenants under the Credit Facility (certain of which breaches do not have any grace period), (iii) cross-defaults and acceleration to certain of our other obligations and (iv) a change of control of Xerox.

Interest

Interest paid on our short-term and long-term debt amounted to $435, $464 and $538 for the years ended December 31, 2013, 2012 and 2011, respectively.

Interest expense and interest income was as follows:

	Year Ended December 31,		
	2013	2012	2011
Interest expense[(1)]	$ 406	$ 430	$ 478
Interest income[(2)]	494	610	653

(1) *Includes Equipment financing interest expense, as well as non-financing interest expense included in Other expenses, net in the Consolidated Statements of Income.*
(2) *Includes Finance income, as well as other interest income that is included in Other expenses, net in the Consolidated Statements of Income.*

Equipment financing interest is determined based on an estimated cost of funds, applied against the estimated level of debt required to support our net finance receivables. The estimated cost of funds is based on our overall corporate cost of borrowing adjusted to reflect a rate that would be paid by a typical BBB rated leasing company. The estimated level of debt is based on an assumed 7 to 1 leverage ratio of debt/equity as compared to our average finance receivable balance during the applicable period.

Net (Payments) Proceeds on Debt

Net proceeds (payments) on debt as shown on the Consolidated Statements of Cash Flows was as follows:

	Year Ended December 31,		
	2013	2012	2011
Net proceeds (payments) on short-term debt	$ 5	$ (108)	$ (200)
Proceeds from issuance of long-term debt	617	1,116	1,000
Payments on long-term debt	(1,056)	(1,116)	(751)
Net (Payments) Proceeds on Debt	$ (434)	$ (108)	$ 49

Note 13 – Financial Instruments

We are exposed to market risk from changes in foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. These derivative financial instruments are utilized to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We enter into limited types of derivative contracts, including interest rate swap agreements, foreign currency spot, forward and swap contracts and net purchased foreign currency options to manage interest rate and foreign currency exposures. Our primary foreign currency market exposures include the Japanese Yen, Euro and U.K. Pound Sterling. The fair market values of all our derivative contracts change with fluctuations in interest rates and/or currency exchange rates and are designed so that any changes in their values are offset by changes in the values of the underlying exposures. Derivative financial instruments are held solely as risk management tools and not for trading or speculative purposes. The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

We do not believe there is significant risk of loss in the event of non-performance by the counterparties associated with our derivative instruments because these transactions are executed with a diversified group of major financial institutions. Further, our policy is to deal with counterparties having a minimum investment grade or better credit rating. Credit risk is managed through the continuous monitoring of exposures to such counterparties.

Interest Rate Risk Management

We may use interest rate swap agreements to manage our interest rate exposure and to achieve a desired proportion of variable and fixed rate debt. These derivatives may be designated as **fair value hedges** or **cash flow hedges** depending on the nature of the risk being hedged. We did not have any interest rate swap agreements outstanding at December 31, 2013 or 2012.

Terminated Swaps: During the period from 2004 to 2011, we early terminated several interest rate swaps that were designated as fair value hedges of certain debt instruments. The associated net fair value adjustments to the debt instruments are being amortized to interest expense over the remaining term of the related notes. In 2013, 2012 and 2011, the amortization of these fair value adjustments reduced interest expense by $42, $49 and $53, respectively, and we expect to record a net decrease in interest expense of $100 in future years through 2018.

Foreign Exchange Risk Management

As a global company, we are exposed to foreign currency exchange rate fluctuations in the normal course of our business. As a part of our foreign exchange risk management strategy, we use derivative instruments - primarily forward contracts and purchased option contracts - to hedge the following foreign currency exposures, thereby reducing volatility of earnings or protecting fair values of assets and liabilities:

- Foreign currency-denominated assets and liabilities
- Forecasted purchases and sales in foreign currency

Summary of Foreign Exchange Hedging Positions: At December 31, 2013, we had outstanding forward exchange and purchased option contracts with gross notional values of $2,917, which is typical of the amounts that are normally outstanding at any point during the year. Approximately 78% of these contracts mature within three months, 8% in three to six months and 14% in six to twelve months.

The following is a summary of the primary hedging positions and corresponding fair values as of December 31, 2013:

Currencies Hedged (Buy/Sell)	Gross Notional Value	Fair Value Asset (Liability)(1)
Euro/U.K. Pound Sterling	$ 639	$ 1
Japanese Yen/U.S. Dollar	588	(27)
U.S. Dollar/Euro	495	(8)
Japanese Yen/Euro	416	(32)
U.K. Pound Sterling/Euro	190	2
Canadian Dollar/Euro	94	(1)
Euro/U.S. Dollar	60	1
Mexican Peso/U.S. Dollar	57	—
U.S. Dollar/Japanese Yen	45	—
Indian Rupee/U.S. Dollar	42	1
Philippine Peso/U.S. Dollar	41	(1)
Swiss Franc/Euro	38	—
Euro/Danish Krone	31	—
U.S. Dollar/Canadian Dollar	21	—
All Other	160	—
Total Foreign Exchange Hedging	$ 2,917	$ (64)

(1) Represents the net receivable (payable) amount included in the Consolidated Balance Sheet at December 31, 2013.

Foreign Currency Cash Flow Hedges: We designate a portion of our foreign currency derivative contracts as cash flow hedges of our foreign currency-denominated inventory purchases, sales and expenses. No amount of ineffectiveness was recorded in the Consolidated Statements of Income for these designated cash flow hedges and all components of each derivative's gain or loss was included in the assessment of hedge effectiveness. The net liability fair value of these contracts was $50 and $48 as of December 31, 2013 and December 31, 2012, respectively.

Summary of Derivative Instruments Fair Value: The following table provides a summary of the fair value amounts of our derivative instruments:

Designation of Derivatives	Balance Sheet Location	December 31, 2013	December 31, 2012
Derivatives Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	$ 1	$ 3
	Other current liabilities	(51)	(51)
	Net Designated Derivative Liability	$ (50)	$ (48)
Derivatives NOT Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	$ 5	$ 8
	Other current liabilities	(19)	(31)
	Net Undesignated Derivative Liability	$ (14)	$ (23)
Summary of Derivatives	Total Derivative Assets	$ 6	$ 11
	Total Derivative Liabilities	(70)	(82)
	Net Derivative Liability	$ (64)	$ (71)

Summary of Derivative Instruments Gains (Losses)

Derivative gains and (losses) affect the income statement based on whether such derivatives are designated as hedges of underlying exposures. The following is a summary of derivative gains and (losses).

Designated Derivative Instruments Gains (Losses): The following tables provide a summary of gains (losses) on derivative instruments:

		Year Ended December 31,					
		Derivative Gain (Loss) Recognized in Income			Hedged Item Gain (Loss) Recognized in Income		
Derivatives in Fair Value Relationships	Location of Gain (Loss) Recognized in Income	2013	2012	2011	2013	2012	2011
Interest rate contracts	Interest expense	$ —	$ —	$ 15	$ —	$ —	$ (15)

	Year Ended December 31,						
	Derivative Gain (Loss) Recognized in OCI (Effective Portion)			Location of Derivative Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Reclassified from AOCI to Income (Effective Portion)		
Derivatives in Cash Flow Hedging Relationships	2013	2012	2011		2013	2012	2011
Foreign exchange contracts – forwards	$ (126)	$ (50)	$ 30	Cost of sales	$ (123)	$ 37	$ 14

No amount of ineffectiveness was recorded in the Consolidated Statements of Income for these designated cash flow hedges and all components of each derivative's gain or (loss) were included in the assessment of hedge effectiveness. In addition, no amount was recorded for an underlying exposure that did not occur or was not expected to occur.

As of December 31, 2013, net after-tax losses of $37 were recorded in accumulated other comprehensive loss associated with our cash flow hedging activity. The entire balance is expected to be reclassified into net income within the next 12 months, providing an offsetting economic impact against the underlying anticipated transactions.

Non-Designated Derivative Instruments (Losses) Gains: Non-designated derivative instruments are primarily instruments used to hedge foreign currency-denominated assets and liabilities. They are not designated as hedges since there is a natural offset for the re-measurement of the underlying foreign currency-denominated asset or liability.

The following table provides a summary of (losses) gains on non-designated derivative instruments:

Derivatives NOT Designated as Hedging Instruments	Location of Derivative (Loss) Gain	Year Ended December 31, 2013	2012	2011
Foreign exchange contracts – forwards	Other expense – Currency (losses) gains, net	$ (86)	$ (38)	$ 33

During the three years ended December 31, 2013, we recorded Currency gains (losses), net of $7, $(3) and $(12), respectively. Currency gains (losses), net includes the mark-to-market adjustments of the derivatives not designated as hedging instruments and the related cost of those derivatives, as well as the re-measurement of foreign currency-denominated assets and liabilities.

Note 14 – Fair Value of Financial Assets and Liabilities

The following table represents assets and liabilities fair value measured on a recurring basis. The basis for the measurement at fair value in all cases is Level 2 – Significant Other Observable Inputs.

	As of December 31, 2013	2012
Assets:		
Foreign exchange contracts-forwards	$ 6	$ 11
Deferred compensation investments in cash surrender life insurance	88	77
Deferred compensation investments in mutual funds	28	23
Total	$ 122	$ 111
Liabilities:		
Foreign exchange contracts-forwards	$ 70	$ 82
Deferred compensation plan liabilities	125	110
Total	$ 195	$ 192

We utilize the income approach to measure the fair value for our derivative assets and liabilities. The income approach uses pricing models that rely on market observable inputs such as yield curves, currency exchange rates and forward prices, and therefore are classified as Level 2.

Fair value for our deferred compensation plan investments in Company-owned life insurance is reflected at cash surrender value. Fair value for our deferred compensation plan investments in mutual funds is based on quoted market prices for actively traded investments similar to those held by the plan. Fair value for deferred compensation plan liabilities is based on the fair value of investments corresponding to employees' investment selections, based on quoted prices for similar assets in actively traded markets.

Summary of Other Financial Assets and Liabilities Fair Value Measured on a Nonrecurring Basis

The estimated fair values of our other financial assets and liabilities fair value measured on a nonrecurring basis were as follows:

	December 31, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 1,764	$ 1,764	$ 1,246	$ 1,246
Accounts receivable, net	2,929	2,929	2,866	2,866
Short-term debt	1,117	1,126	1,042	1,051
Long-term debt	6,904	7,307	7,447	8,040

The fair value amounts for Cash and cash equivalents and Accounts receivable, net, approximate carrying amounts due to the short maturities of these instruments. The fair value of Short and Long-term debt was estimated based on quoted market prices for publicly traded securities (Level 1) or on the current rates offered to us for debt of similar maturities (Level 2). The difference between the fair value and the carrying value represents the theoretical net premium or discount we would pay or receive to retire all debt at such date.

Note 15 – Employee Benefit Plans

We sponsor numerous defined benefit and defined contribution pension and other post-retirement benefit plans, primarily retiree health care, in our domestic and international operations. December 31 is the measurement date for all of our post-retirement benefit plans.

	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Retiree Health	
	2013	2012	2013	2012	2013	2012
Change in Benefit Obligation:						
Benefit obligation, January 1	$ 5,033	$ 4,670	$ 6,708	$ 5,835	$ 989	$ 1,007
Service cost	10	112	91	83	9	9
Interest cost	154	282	260	270	33	42
Plan participants' contributions	—	—	6	9	14	19
Actuarial (gain) loss	(440)	480	(203)	537	(88)	18
Currency exchange rate changes	—	—	98	232	(10)	4
Curtailments	—	—	(10)	(1)	—	—
Benefits paid/settlements	(864)	(509)	(264)	(256)	(91)	(103)
Other	—	(2)	(22)	(1)	—	(7)
Benefit Obligation, December 31	$ 3,893	$ 5,033	$ 6,664	$ 6,708	$ 856	$ 989
Change in Plan Assets:						
Fair value of plan assets, January 1	$ 3,573	$ 3,393	$ 5,431	$ 4,884	$ —	$ —
Actual return on plan assets	139	358	326	434	—	—
Employer contribution	27	331	203	163	77	84
Plan participants' contributions	—	—	6	9	14	19
Currency exchange rate changes	—	—	88	197	—	—
Benefits paid/settlements	(864)	(509)	(264)	(256)	(91)	(103)
Other	1	—	(1)	—	—	—
Fair Value of Plan Assets, December 31	$ 2,876	$ 3,573	$ 5,789	$ 5,431	$ —	$ —
Net Funded Status at December 31[1]	$ (1,017)	$ (1,460)	$ (875)	$ (1,277)	$ (856)	$ (989)
Amounts Recognized in the Consolidated Balance Sheets:						
Other long-term assets	$ —	$ —	$ 55	$ 35	$ —	$ —
Accrued compensation and benefit costs	(25)	(23)	(30)	(25)	(71)	(80)
Pension and other benefit liabilities	(992)	(1,437)	(900)	(1,287)	—	—
Post-retirement medical benefits	—	—	—	—	(785)	(909)
Net Amounts Recognized	$ (1,017)	$ (1,460)	$ (875)	$ (1,277)	$ (856)	$ (989)

(1) Includes under-funded and un-funded plans.

Benefit plans pre-tax amounts recognized in AOCL at December 31:

	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Retiree Health	
	2013	2012	2013	2012	2013	2012
Net actuarial loss	$ 672	$ 1,255	$ 1,741	$ 2,013	$ 6	$ 97
Prior service credits	(15)	(17)	(20)	—	(85)	(128)
Total Pre-tax Loss (Gain)	$ 657	$ 1,238	$ 1,721	$ 2,013	$ (79)	$ (31)
Accumulated Benefit Obligation	$ 3,887	$ 5,027	$ 6,368	$ 6,359		

Aggregate information for pension plans with an Accumulated benefit obligation in excess of plan assets is presented below:

	December 31, 2013			December 31, 2012		
	Projected benefit obligation	Accumulated benefit obligation	Fair value of plan assets	Projected benefit obligation	Accumulated benefit obligation	Fair value of plan assets
Underfunded Plans:						
U.S.	$ 3,571	$ 3,565	$ 2,876	$ 4,679	$ 4,672	$ 3,574
Non U.S.	5,350	5,104	4,964	5,997	5,686	5,213
Unfunded Plans:						
U.S.	$ 322	$ 322	$ —	$ 355	$ 355	$ —
Non U.S.	540	526	—	527	520	—
Total Underfunded and Unfunded Plans:						
U.S.	$ 3,893	$ 3,887	$ 2,876	$ 5,034	$ 5,027	$ 3,574
Non U.S.	5,890	5,630	4,964	6,524	6,206	5,213
Total	$ 9,783	$ 9,517	$ 7,840	$ 11,558	$ 11,233	$ 8,787

Our pension plan assets and benefit obligations at December 31, 2013 were as follows:

(in billions)	Fair Value of Pension Plan Assets	Pension Benefit Obligations	Net Funded Status
U.S. funded	$ 2.9	$ 3.6	$ (0.7)
U.S. unfunded	—	0.3	(0.3)
Total U.S.	$ 2.9	$ 3.9	$ (1.0)
U.K.	3.7	3.9	(0.2)
Canada	0.7	0.9	(0.2)
Other funded	1.4	1.4	—
Other unfunded	—	0.5	(0.5)
Total	$ 8.7	$ 10.6	$ (1.9)

Prior to the freeze of current benefits (see below), most of our defined benefit pension plans generally provided employees a benefit, depending on eligibility, calculated under a highest average pay and years of service formula. Our primary domestic defined benefit pension plans provided a benefit at the greater of (i) the highest average pay and years of service formula, (ii) the benefit calculated under a formula that provides for the accumulation of salary and interest credits during an employee's work life or (iii) the individual account balance from the Company's prior defined contribution plan (Transitional Retirement Account or TRA).

The components of Net periodic benefit cost and other changes in plan assets and benefit obligations were as follows:

	Year Ended December 31,								
	Pension Benefits								
	U.S. Plans			Non-U.S. Plans			Retiree Health		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Components of Net Periodic Benefit Costs:									
Service cost	$ 10	$ 112	$ 108	$ 91	$ 83	$ 78	$ 9	$ 9	$ 8
Interest cost(1)	154	282	328	260	270	284	33	42	47
Expected return on plan assets(2)	(179)	(306)	(337)	(317)	(307)	(310)	—	—	—
Recognized net actuarial loss	19	53	33	77	53	39	2	1	—
Amortization of prior service credit	(2)	(23)	(23)	—	—	—	(43)	(41)	(41)
Recognized settlement loss	162	82	80	—	1	4	—	—	—
Recognized curtailment gain	—	—	(107)	(8)	—	—	—	—	—
Defined Benefit Plans	164	200	82	103	100	95	1	11	14
Defined contribution plans	69	28	31	27	35	35	n/a	n/a	n/a
Net Periodic Benefit Cost	233	228	113	130	135	130	1	11	14
Other changes in plan assets and benefit obligations recognized in Other Comprehensive Income:									
Net actuarial (gain) loss	(403)	427	334	(224)	416	518	(88)	18	25
Prior service credit	—	(2)	(2)	(14)	(1)	—	—	(6)	(3)
Amortization of net actuarial loss	(181)	(135)	(113)	(77)	(54)	(40)	(2)	(1)	—
Amortization of net prior service credit	2	23	23	—	—	—	43	41	41
Curtailment gain - recognition of net prior service credit	—	—	107	—	—	—	n/a	n/a	n/a
Total Recognized in Other Comprehensive Income	(582)	313	349	(315)	361	478	(47)	52	63
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	$ (349)	$ 541	$ 462	$ (185)	$ 496	$ 608	$ (46)	$ 63	$ 77

(1) Interest cost includes interest expense on non-TRA obligations of $349, $382 and $388 and interest expense directly allocated to TRA participant accounts of $65, $170 and $224 for the years ended December 31, 2013, 2012 and 2011, respectively.

(2) Expected return on plan assets includes expected investment income on non-TRA assets of $431, $443 and $423 and actual investment income on TRA assets of $65, $170 and $224 for the years ended December 31, 2013, 2012 and 2011, respectively.

The net actuarial loss and prior service credit for the defined benefit pension plans that will be amortized from Accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year are $62 and $(1), respectively, excluding amounts that may be recognized through settlement losses. The net actuarial loss and prior service credit for the retiree health benefit plans that will be amortized from Accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year are $1 and $(43), respectively.

Pension plan assets consist of both defined benefit plan assets and assets legally restricted to the TRA accounts. The combined investment results for these plans, along with the results for our other defined benefit plans, are shown above in the “actual return on plan assets” caption. To the extent that investment results relate to TRA, such results are charged directly to these accounts as a component of interest cost.

Plan Amendments

Pension Plan Freezes

Over the past several years, we have amended several of our major defined benefit pension plans to freeze current benefits and eliminate benefits accruals for future service. The freeze of current benefits is the primary driver of the reduction in pension service costs during 2013 and expected reductions in future periods. In certain plans we are required to continue to consider salary increases in determining the benefit obligation related to prior service. The following is a discussion of these amendments and their impact on our primary defined benefit pension plans.

In 2011, we amended all our primary U.S. defined benefit plans for salaried employees. Our primary qualified plans had previously been amended to freeze the final pay formulas within the plans as of December 31, 2012, but a cash balance service credit was expected to continue post December 31, 2012. The 2011 amendments fully freeze any further benefit and service accrual after December 31, 2012 for all of these plans, including the non-qualified plans. As a result of these plan amendments, in 2011 we recognized a pre-tax curtailment gain of $107 ($66 after-tax). The gain represents the recognition of deferred gains from other prior year amendments ("Prior service credits") as a result of the discontinuation of any future benefit or service accrual period. This amendment resulted in a change in the amortization period as of January 1, 2013 for actuarial gains and losses from the average remaining service period of participants (approximately ten years) to the average remaining life expectancy of all participants (approximately thirty-three years) as a result of all participants being considered inactive as of the effective date of the freeze.

As of December 31, 2012, the aggregate accumulated actuarial losses for our primary U.S. Defined Benefit Plans for salaried employees amounted to $1.1 billion. This change reduced our 2013 pension expense by approximately $45. This reduction was partially offset by an increased contribution to the U.S. defined contribution plan as all employees have been transferred to that plan following the freeze.

In 2011, the Canadian Salary Pension Plan was amended to close the plan to future service accrual effective January 1, 2014. Benefits earned up to January 1, 2014 will not be affected and participants will continue to receive the benefit of future salary increases to the extent applicable; therefore, the amendment did not result in a material change to the projected benefit obligation at the re-measurement date of December 31, 2011.

In 2009, the U.K. Final Salary Pension Plan was amended to close the plan to future service accrual effective January 1, 2014. Benefits earned up to January 1, 2014 will not be affected and participants will continue to receive the benefit of future salary and inflation increases to the extent applicable; therefore, the amendment does not result in a material change to the projected benefit obligation at the re-measurement date of December 31, 2009.

Plan Assets

Current Allocation

As of the 2013 and 2012 measurement dates, the global pension plan assets were $8.7 billion and $9.0 billion, respectively. These assets were invested among several asset classes.

The following tables presents the defined benefit plans assets measured at fair value and the basis for that measurement:

	December 31, 2013									
	U.S. Plans					Non-U.S. Plans				
Asset Class	Level 1	Level 2	Level 3	Total	%	Level 1	Level 2	Level 3	Total	%
Cash and cash equivalents	$ 48	$ —	$ —	$ 48	1 %	$ 688	$ —	$ —	$ 688	12%
Equity Securities:										
U.S. large cap	319	13	—	332	12 %	220	55	—	275	5%
U.S. mid cap	71	—	—	71	2 %	13	—	—	13	—%
U.S. small cap	48	46	—	94	3 %	40	—	—	40	1%
International developed	182	123	—	305	11 %	1,314	212	—	1,526	26%
Emerging markets	171	69	—	240	8 %	262	76	—	338	6%
Global equity	2	7	—	9	— %	5	—	—	5	—%
Total Equity Securities	793	258	—	1,051	36 %	1,854	343	—	2,197	38%
Fixed Income:										
U.S. treasury securities	—	74	—	74	3 %	4	16	—	20	—%
Debt security issued by government agency	—	180	—	180	6 %	31	1,189	—	1,220	21%
Corporate Bonds	—	908	—	908	32 %	146	660	—	806	14%
Asset backed securities	—	10	—	10	— %	—	1	—	1	—%
Total Debt Securities	—	1,172	—	1,172	41 %	181	1,866	—	2,047	35%
Derivatives:										
Interest rate contracts	—	(17)	—	(17)	(1)%	—	62	—	62	1%
Foreign exchange contracts	—	(12)	—	(12)	— %	14	30	—	44	1%
Equity contracts	—	—	—	—	— %	—	—	—	—	—%
Other Contracts	—	—	—	—	— %	62	—	—	62	1%
Total Derivatives	—	(29)	—	(29)	(1)%	76	92	—	168	3%
Real estate	40	34	29	103	4 %	32	35	269	336	6%
Private equity/Venture capital	—	—	451	451	16 %	—	—	212	212	4%
Guaranteed insurance contracts	—	—	—	—	— %	—	—	135	135	2%
Other[(1)]	10	70	—	80	3 %	6	—	—	6	—%
Total Fair Value Of Plans Assets	$ 891	$ 1,505	$ 480	$ 2,876	100 %	$ 2,837	$ 2,336	$ 616	$ 5,789	100%

(1) Other Level 1 assets include net non-financial assets of $9 U.S. and $6 Non-U.S., such as due to/from broker, interest receivables and accrued expenses.

	December 31, 2012									
	U.S. Plans					Non-U.S. Plans				
Asset Class	Level 1	Level 2	Level 3	Total	%	Level 1	Level 2	Level 3	Total	%
Cash and cash equivalents	$ 48	$ —	$ —	$ 48	1%	$ 500	$ —	$ —	$ 500	9%
Equity Securities:										
U.S. large cap	411	10	—	421	12%	204	50	—	254	5%
Xerox common stock	99	—	—	99	3%	—	—	—	—	—%
U.S. mid cap	79	—	—	79	2%	14	—	—	14	—%
U.S. small cap	67	28	—	95	3%	30	1	—	31	1%
International developed	133	205	—	338	9%	1,107	174	—	1,281	24%
Emerging markets	282	67	—	349	10%	322	76	—	398	7%
Global equity	2	6	—	8	—%	5	12	—	17	—%
Total Equity Securities	1,073	316	—	1,389	39%	1,682	313	—	1,995	37%
Fixed Income:										
U.S. treasury securities	—	367	—	367	10%	1	19	—	20	—%
Debt security issued by government agency	—	153	—	153	4%	35	1,253	—	1,288	24%
Corporate bonds	—	1,080	—	1,080	31%	150	753	—	903	17%
Asset backed securities	—	11	—	11	—%	3	31	—	34	1%
Total Debt Securities	—	1,611	—	1,611	45%	189	2,056	—	2,245	42%
Common/Collective trust	—	—	—	—	—%	2	—	—	2	—%
Derivatives:										
Interest rate contracts	—	15	—	15	—%	—	74	—	74	1%
Foreign exchange contracts	(2)	—	—	(2)	—%	9	8	—	17	—%
Equity contracts	5	—	—	5	—%	—	—	—	—	—%
Credit contracts	—	(1)	—	(1)	—%	—	—	—	—	—%
Other contracts	—	—	—	—	—%	69	—	—	69	1%
Total Derivatives	3	14	—	17	—%	78	82	—	160	2%
Hedge funds	—	—	—	—	—%	—	—	3	3	—%
Real estate	59	46	58	163	5%	19	35	332	386	7%
Private equity/Venture capital	—	—	300	300	8%	—	—	—	—	—%
Guaranteed insurance contracts	—	—	—	—	—%	—	—	131	131	3%
Other[(1)]	12	33	—	45	2%	13	(4)	—	9	—%
Total Fair Value Of Plans Assets	$ 1,195	$ 2,020	$ 358	$ 3,573	100%	$ 2,483	$ 2,482	$ 466	$ 5,431	100%

(1) Other Level 1 assets include net non-financial liabilities of $13 U.S. and $5 Non-U.S., such as due to/from broker, interest receivables and accrued expenses.

The following tables represents a roll-forward of the defined benefit plans assets measured using significant unobservable inputs (Level 3 assets):

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)						
	U.S. Defined Benefit Plans Assets			Non-U.S. Defined Benefit Plans Assets			
	Real Estate	Private Equity/ Venture Capital	Total	Real Estate	Private Equity/ Venture Capital	Guaranteed Insurance Contracts	Total
Balance at December 31, 2011	$ 72	$ 318	$ 390	$ 280	$ 3	$ 116	$ 399
Purchases	1	20	21	13	—	15	28
Sales	(11)	(48)	(59)	(21)	—	(7)	(28)
Net transfers in from Level 2	—	—	—	69	—	—	69
Realized gains (losses)	1	36	37	1	—	4	5
Unrealized gains (losses)	(5)	(26)	(31)	(25)	—	(1)	(26)
Currency translation	—	—	—	15	—	4	19
Balance at December 31, 2012	58	300	358	332	3	131	466
Purchases	1	177	178	64	193	3	260
Sales	(36)	(59)	(95)	(128)	—	(5)	(133)
Net transfers in from Level 1	—	—	—	—	—	(1)	(1)
Net transfers in from Level 2	—	—	—	—	—	—	—
Realized gains (losses)	24	46	70	17	2	4	23
Unrealized gains (losses)	(18)	(13)	(31)	(21)	2	(2)	(21)
Currency translation	—	—	—	5	12	5	22
Balance at December 31, 2013	$ 29	$ 451	$ 480	$ 269	$ 212	$ 135	$ 616

Valuation Method

Our primary Level 3 assets are Real Estate and Private Equity/Venture Capital investments. The fair value of our real estate investment funds are based on the Net Asset Value (NAV) of our ownership interest in the funds. NAV information is received from the investment advisers and is primarily derived from third-party real estate appraisals for the properties owned. The fair value for our private equity/venture capital partnership investments are based on our share of the estimated fair values of the underlying investments held by these partnerships as reported in their audited financial statements. The valuation techniques and inputs for our Level 3 assets have been consistently applied for all periods presented.

Investment Strategy

The target asset allocations for our worldwide defined benefit pension plans were:

	2013		2012	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Equity investments	36%	41%	41%	40%
Fixed income investments	44%	47%	43%	47%
Real estate	5%	9%	5%	9%
Private equity	14%	—%	9%	—%
Other	1%	3%	2%	4%
Total Investment Strategy	100%	100%	100%	100%

We employ a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by exceeding the interest growth in long-term plan liabilities. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. This consideration involves the use of long-term measures that address both return and risk. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value and small and large capitalizations, and may include Company stock. Other assets such as real estate, private equity, and hedge funds are used to improve portfolio diversification. Derivatives may be used to hedge market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risks and returns are measured and monitored on an ongoing basis through annual liability measurements and quarterly investment portfolio reviews.

Expected Long-term Rate of Return

We employ a "building block" approach in determining the long-term rate of return for plan assets. Historical markets are studied and long-term relationships between equities and fixed income are assessed. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. The long-term portfolio return is established giving consideration to investment diversification and rebalancing. Peer data and historical returns are reviewed periodically to assess reasonableness and appropriateness.

Contributions

In 2013, we made cash contributions of $230 ($27 U.S. and $203 Non-U.S.) and $77 to our defined benefit pension plans and retiree health benefit plans, respectively. 2013 contributions include additional contributions to one of our non-U.S. plans.

In 2014 we expect, based on current actuarial calculations, to make contributions of approximately $250 ($90 U.S. and $160 non-U.S.) to our defined benefit pension plans and approximately $71 to our retiree health benefit plans. The 2014 expected defined benefit plan contributions reflect an increase in required contributions to our U.S. plans as a result of the diminishing benefits from the pension funding legislation enacted in the U.S. in 2012.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the following years:

	Pension Benefits			
	U.S.	Non-U.S.	Total	Retiree Health
2014	$ 463	$ 258	$ 721	$ 71
2015	374	265	639	73
2016	352	271	623	71
2017	333	281	614	70
2018	290	289	579	69
Years 2019-2022	1,357	1,603	2,960	317

Assumptions

Weighted-average assumptions used to determine benefit obligations at the plan measurement dates:

	Pension Benefits					
	2013		2012		2011	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	4.8%	4.2%	3.7%	4.0%	4.8%	4.6%
Rate of compensation increase	0.2%	2.7%	0.2%	2.6%	3.5%	2.7%

	Retiree Health		
	2013	2012	2011
Discount rate	4.5%	3.6%	4.5%

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:

	Pension Benefits							
	2014		2013		2012		2011	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	4.8%	4.2%	3.7%	4.0%	4.8%	4.6%	5.1%	5.3%
Expected return on plan assets	7.8%	6.1%	7.8%	6.1%	7.8%	6.2%	8.3%	6.6%
Rate of compensation increase	0.2%	2.7%	0.2%	2.6%	3.5%	2.7%	3.5%	2.7%

	Retiree Health			
	2014	2013	2012	2011
Discount rate	4.5%	3.6%	4.5%	4.9%

Note: Expected return on plan assets is not applicable to retiree health benefits as these plans are not funded. Rate of compensation increase is not applicable to retiree health benefits as compensation levels do not impact earned benefits.

Assumed health care cost trend rates were as follows:

	December 31,	
	2013	2012
Health care cost trend rate assumed for next year	7.2%	7.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.9%	4.9%
Year that the rate reaches the ultimate trend rate	2023	2017

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1% increase	1% decrease
Effect on total service and interest cost components	$ 1	$ (1)
Effect on post-retirement benefit obligation	32	(29)

Defined Contribution Plans

We have savings and investment plans in several countries, including the U.S., U.K. and Canada. In many instances, employees from those defined benefit pension plans that have been amended to freeze future service accruals will be transitioned to an enhanced defined contribution plan. For the U.S. plans, employees may contribute a portion of their salaries and bonuses to the plans, and we match a portion of the employee contributions. We recorded charges related to our defined contribution plans of $96 in 2013, $63 in 2012 and $66 in 2011.

Note 16 - Income and Other Taxes

Income before income taxes (pre-tax income) was as follows:

	Year Ended December 31,		
	2013	2012	2011
Domestic income	$ 948	$ 876	$ 914
Foreign income	364	456	621
Income Before Income Taxes	$ 1,312	$ 1,332	$ 1,535

Provisions (benefits) for income taxes were as follows:

	Year Ended December 31,		
	2013	2012	2011
Federal Income Taxes			
Current	$ 27	$ 23	$ 51
Deferred	72	84	134
Foreign Income Taxes			
Current	89	119	95
Deferred	35	—	38
State Income Taxes			
Current	38	34	28
Deferred	15	12	31
Total Provision	$ 276	$ 272	$ 377

A reconciliation of the U.S. federal statutory income tax rate to the consolidated effective income tax rate was as follows:

	Year Ended December 31,		
	2013	2012	2011
U.S. federal statutory income tax rate	35.0 %	35.0 %	35.0 %
Nondeductible expenses	1.4 %	2.6 %	2.0 %
Effect of tax law changes	(0.6)%	0.7 %	0.2 %
Change in valuation allowance for deferred tax assets	0.2 %	(0.7)%	(0.3)%
State taxes, net of federal benefit	2.6 %	2.1 %	2.4 %
Audit and other tax return adjustments	(2.4)%	(4.8)%	(1.0)%
Tax-exempt income, credits and incentives	(3.8)%	(2.6)%	(3.2)%
Foreign rate differential adjusted for U.S. taxation of foreign profits[(1)]	(11.9)%	(12.0)%	(10.6)%
Other	0.5 %	0.1 %	0.1 %
Effective Income Tax Rate	21.0 %	20.4 %	24.6 %

(1) The "U.S. taxation of foreign profits" represents the U.S. tax, net of foreign tax credits, associated with actual and deemed repatriations of earnings from our non-U.S. subsidiaries.

On a consolidated basis, we paid a total of $155, $137 and $94 in income taxes to federal, foreign and state jurisdictions during the three years ended December 31, 2013, respectively.

Total income tax expense (benefit) was allocated as follows:

	Year Ended December 31,		
	2013	2012	2011
Pre-tax income	$ 276	$ 272	$ 377
Discontinued operations	4	5	9
Common shareholders' equity:			
Changes in defined benefit plans	318	(233)	(277)
Stock option and incentive plans, net	(13)	(5)	1
Cash flow hedges	—	(24)	3
Translation adjustments	(9)	(9)	2
Total Income Tax Expense (Benefit)	$ 576	$ 6	$ 115

Unrecognized Tax Benefits and Audit Resolutions

We recognize tax liabilities when, despite our belief that our tax return positions are supportable, we believe that certain positions may not be fully sustained upon review by tax authorities. Each period we assess uncertain tax positions for recognition, measurement and effective settlement. Benefits from uncertain tax positions are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement - the more likely than not recognition threshold. Where we have determined that our tax return filing position does not satisfy the more likely than not recognition threshold, we have recorded no tax benefits.

We are also subject to ongoing tax examinations in numerous jurisdictions due to the extensive geographical scope of our operations. Our ongoing assessments of the more-likely-than-not outcomes of the examinations and related tax positions require judgment and can increase or decrease our effective tax rate, as well as impact our operating results. The specific timing of when the resolution of each tax position will be reached is uncertain. As of December 31, 2013, we do not believe that there are any positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the next 12 months.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2013	2012	2011
Balance at January 1	$ 201	$ 225	$ 186
Additions related to current year	60	28	43
Additions related to prior years positions	39	5	38
Reductions related to prior years positions	(19)	(36)	(17)
Settlements with taxing authorities[(1)]	—	(13)	(14)
Reductions related to lapse of statute of limitations	(14)	(8)	(8)
Currency	—	—	(3)
Balance at December 31	$ 267	$ 201	$ 225

(1) Majority of settlements did not result in the utilization of cash.

Included in the balances at December 31, 2013, 2012 and 2011 are $36, $16 and $36, respectively, of tax positions that are highly certain of realizability but for which there is uncertainty about the timing or that they may be reduced through an indirect benefit from other taxing jurisdictions. Because of the impact of deferred tax accounting, other than for the possible incurrence of interest and penalties, the disallowance of these positions would not affect the annual effective tax rate.

We recognized interest and penalties accrued on unrecognized tax benefits, as well as interest received from favorable settlements within income tax expense. We had $20, $20 and $28 accrued for the payment of interest and penalties associated with unrecognized tax benefits at December 31, 2013, 2012 and 2011, respectively.

In the U.S., with the exception of ACS, we are no longer subject to U.S. federal income tax examinations for years before 2007. ACS is no longer subject to such examinations for years before 2005. With respect to our major foreign jurisdictions, we are no longer subject to tax examinations by tax authorities for years before 2000.

Deferred Income Taxes

We have not provided deferred taxes on approximately $8.0 billion of undistributed earnings of foreign subsidiaries and other foreign investments carried at equity at December 31, 2013, as such undistributed earnings have been determined to be indefinitely reinvested and we currently do not plan to initiate any action that would precipitate a deferred tax impact. We do not believe it is practical to calculate the potential deferred tax impact, as there is a significant amount of uncertainty with respect to determining the amount of foreign tax credits as well as any additional local withholding tax and other indirect tax consequences that may arise from the distribution of these earnings. In addition, because such earnings have been indefinitely reinvested in our foreign operations, repatriation would require liquidation of those investments or a recapitalization of our foreign subsidiaries, the impacts and effects of which are not readily determinable.

The tax effects of temporary differences that give rise to significant portions of the deferred taxes were as follows:

	December 31, 2013	December 31, 2012
Deferred Tax Assets		
Research and development	$ 647	$ 793
Post-retirement medical benefits	310	359
Anticipated foreign repatriations	—	264
Net operating losses	597	630
Operating reserves and accruals	374	403
Tax credit carryforwards	694	177
Deferred compensation	268	312
Pension	431	696
Other	87	195
Subtotal	3,408	3,829
Valuation allowance	(614)	(654)
Total	$ 2,794	$ 3,175
Deferred Tax Liabilities		
Unearned income and installment sales	$ 959	$ 947
Intangibles and goodwill	1,253	1,252
Anticipated foreign repatriations	55	—
Other	53	48
Total	$ 2,320	$ 2,247
Total Deferred Taxes, Net	$ 474	$ 928

The above amounts are classified as current or long-term in the Consolidated Balance Sheets in accordance with the asset or liability to which they relate or, when applicable, based on the expected timing of the reversal. Current deferred tax assets at December 31, 2013 and 2012 amounted to $209 and $273, respectively.

The deferred tax assets for the respective periods were assessed for recoverability and, where applicable, a valuation allowance was recorded to reduce the total deferred tax asset to an amount that will, more-likely-than-not, be realized in the future. The net change in the total valuation allowance for the years ended December 31, 2013 and 2012 was a decrease of $40 and $23, respectively. The valuation allowance relates primarily to certain net operating loss carryforwards, tax credit carryforwards and deductible temporary differences for which we have concluded it is more-likely-than-not that these items will not be realized in the ordinary course of operations.

Although realization is not assured, we have concluded that it is more-likely-than-not that the deferred tax assets, for which a valuation allowance was determined to be unnecessary, will be realized in the ordinary course of operations based on the available positive and negative evidence, including scheduling of deferred tax liabilities and projected income from operating activities. The amount of the net deferred tax assets considered realizable, however, could be reduced in the near term if actual future income or income tax rates are lower than estimated, or if there are differences in the timing or amount of future reversals of existing taxable or deductible temporary differences.

At December 31, 2013, we had tax credit carryforwards of $694 available to offset future income taxes, of which $94 are available to carryforward indefinitely while the remaining $600 will expire 2014 through 2033 if not utilized. We also had net operating loss carryforwards for income tax purposes of $1.1 billion that will expire 2014 through 2033, if not utilized, and $2.4 billion available to offset future taxable income indefinitely.

Note 17 – Contingencies and Litigation

As more fully discussed below, we are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting, servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. We assess our potential liability by analyzing our litigation and regulatory matters using available information. We develop our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Additionally, guarantees, indemnifications and claims arise during the ordinary course of business from relationships with suppliers, customers and nonconsolidated affiliates when the Company undertakes an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract could trigger an obligation of the Company. These potential claims include actions based upon alleged exposures to products, real estate, intellectual property such as patents, environmental matters, and other indemnifications. The ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the final outcome of these claims. However, while the ultimate liabilities resulting from such claims may be significant to results of operations in the period recognized, management does not anticipate they will have a material adverse effect on the Company's consolidated financial position or liquidity. As of December 31, 2013, we have accrued our estimate of liability incurred under our indemnification arrangements and guarantees.

Brazil Tax and Labor Contingencies

Our Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes, as well as disputes associated with former employees and contract labor. The tax matters, which comprise a significant portion of the total contingencies, principally relate to claims for taxes on the internal transfer of inventory, municipal service taxes on rentals and gross revenue taxes. We are disputing these tax matters and intend to vigorously defend our positions. Based on the opinion of legal counsel and current reserves for those matters deemed probable of loss, we do not believe that the ultimate resolution of these matters will materially impact our results of operations, financial position or cash flows.

The labor matters principally relate to claims made by former employees and contract labor for the equivalent payment of all social security and other related labor benefits, as well as consequential tax claims, as if they were regular employees. As of December 31, 2013, the total amounts related to the unreserved portion of the tax and labor contingencies, inclusive of related interest, amounted to approximately $933 with the decrease from December 31, 2012 balance of approximately $1,010, primarily related to currency and closed cases partially offset by interest. With respect to the unreserved balance of $933, the majority has been assessed by management as being remote as to the likelihood of ultimately resulting in a loss to the Company. In connection with the above proceedings, customary local regulations may require us to make escrow cash deposits or post other security of up to half of the total amount in dispute. As of December 31, 2013 we had $167 of escrow cash deposits for matters we are disputing, and there are liens on certain Brazilian assets with a net book value of $8 and additional letters of credit of approximately $236, which include associated indexation. Generally, any escrowed amounts would be refundable and any liens would be removed to the extent the matters are resolved in our favor. We routinely assess all these matters as to probability of ultimately incurring a liability against our Brazilian operations and record our best estimate of the ultimate loss in situations where we assess the likelihood of an ultimate loss as probable.

Litigation Against the Company

In re Xerox Corporation Securities Litigation: A consolidated securities law action (consisting of 17 cases) is pending in the United States District Court for the District of Connecticut. Defendants are the Company, Barry Romeril, Paul Allaire and G. Richard Thoman. The consolidated action is a class action on behalf of all persons and entities who purchased Xerox Corporation common stock during the period October 22, 1998 through October 7, 1999 inclusive (Class Period) and who suffered a loss as a result of misrepresentations or omissions by Defendants as alleged by Plaintiffs (the “Class”). The Class alleges that in violation of Section 10(b) and/or 20(a) of the

Securities Exchange Act of 1934, as amended (1934 Act), and SEC Rule 10b-5 thereunder, each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of the Company's common stock during the Class Period by disseminating materially false and misleading statements and/or concealing material facts relating to the defendants' alleged failure to disclose the material negative impact that the April 1998 restructuring had on the Company's operations and revenues. The complaint further alleges that the alleged scheme: (i) deceived the investing public regarding the economic capabilities, sales proficiencies, growth, operations and the intrinsic value of the Company's common stock; (ii) allowed several corporate insiders, such as the named individual defendants, to sell shares of privately held common stock of the Company while in possession of materially adverse, non-public information; and (iii) caused the individual plaintiffs and the other members of the purported class to purchase common stock of the Company at inflated prices. The complaint seeks unspecified compensatory damages in favor of the plaintiffs and the other members of the purported class against all defendants, jointly and severally, for all damages sustained as a result of defendants' alleged wrongdoing, including interest thereon, together with reasonable costs and expenses incurred in the action, including counsel fees and expert fees. In 2001, the Court denied the defendants' motion for dismissal of the complaint. The plaintiffs' motion for class certification was denied by the Court in 2006, without prejudice to refiling. In February 2007, the Court granted the motion of the International Brotherhood of Electrical Workers Welfare Fund of Local Union No. 164, Robert W. Roten, Robert Agius (Agius) and Georgia Stanley to appoint them as additional lead plaintiffs. In July 2007, the Court denied plaintiffs' renewed motion for class certification, without prejudice to renewal after the Court holds a pre-filing conference to identify factual disputes the Court will be required to resolve in ruling on the motion. After that conference and Agius's withdrawal as lead plaintiff and proposed class representative, in February 2008 plaintiffs filed a second renewed motion for class certification. In April 2008, defendants filed their response and motion to disqualify Milberg LLP as a lead counsel. On September 30, 2008, the Court entered an order certifying the class and denying the appointment of Milberg LLP as class counsel. Subsequently, on April 9, 2009, the Court denied defendants' motion to disqualify Milberg LLP. On November 6, 2008, the defendants filed a motion for summary judgment. On March 29, 2013, the Court granted defendants' motion for summary judgment in its entirety. On April 26, 2013, plaintiffs filed a notice of appeal to the United States Court of Appeals for the Second Circuit. The appeal process is ongoing. The individual defendants and we deny any wrongdoing and are vigorously defending the action. At this time, we do not believe it is reasonably possible that we will incur additional material losses in excess of the amount we have already accrued for this matter. In the course of litigation, we periodically engage in discussions with plaintiffs' counsel for possible resolution of this matter. Should developments cause a change in our determination as to an unfavorable outcome, or result in a final adverse judgment or a settlement for a significant amount, there could be a material adverse effect on our results of operations, cash flows and financial position in the period in which such change in determination, judgment or settlement occurs.

Guarantees, Indemnifications and Warranty Liabilities

Indemnifications Provided as Part of Contracts and Agreements

We are a party to the following types of agreements pursuant to which we may be obligated to indemnify the other party with respect to certain matters:

- Contracts that we entered into for the sale or purchase of businesses or real estate assets, under which we customarily agree to hold the other party harmless against losses arising from a breach of representations and covenants, including obligations to pay rent. Typically, these relate to such matters as adequate title to assets sold, intellectual property rights, specified environmental matters and certain income taxes arising prior to the date of acquisition.
- Guarantees on behalf of our subsidiaries with respect to real estate leases. These lease guarantees may remain in effect subsequent to the sale of the subsidiary.
- Agreements to indemnify various service providers, trustees and bank agents from any third-party claims related to their performance on our behalf, with the exception of claims that result from third-party's own willful misconduct or gross negligence.
- Guarantees of our performance in certain sales and services contracts to our customers and indirectly the performance of third parties with whom we have subcontracted for their services. This includes indemnifications to customers for losses that may be sustained as a result of the use of our equipment at a customer's location.

In each of these circumstances, our payment is conditioned on the other party making a claim pursuant to the procedures specified in the particular contract and such procedures also typically allow us to challenge the other party's claims. In the case of lease guarantees, we may contest the liabilities asserted under the lease. Further, our obligations under these agreements and guarantees may be limited in terms of time and/or amount, and in some instances, we may have recourse against third parties for certain payments we made.

Patent Indemnifications

In most sales transactions to resellers of our products, we indemnify against possible claims of patent infringement caused by our products or solutions. In addition, we indemnify certain software providers against claims that may arise as a result of our use or our subsidiaries', customers' or resellers' use of their software in our products and solutions. These indemnities usually do not include limits on the claims, provided the claim is made pursuant to the procedures required in the sales contract.

Indemnification of Officers and Directors

Our corporate by-laws require that, except to the extent expressly prohibited by law, we must indemnify Xerox Corporation's officers and directors against judgments, fines, penalties and amounts paid in settlement, including legal fees and all appeals, incurred in connection with civil or criminal action or proceedings, as it relates to their services to Xerox Corporation and our subsidiaries. Although the by-laws provide no limit on the amount of indemnification, we may have recourse against our insurance carriers for certain payments made by us. However, certain indemnification payments (such as those related to "clawback" provisions in certain compensation arrangements) may not be covered under our directors' and officers' insurance coverage. We also indemnify certain fiduciaries of our employee benefit plans for liabilities incurred in their service as fiduciary whether or not they are officers of the Company. Finally, in connection with our acquisition of businesses, we may become contractually obligated to indemnify certain former and current directors, officers and employees of those businesses in accordance with pre-acquisition by-laws and/or indemnification agreements and/or applicable state law.

Product Warranty Liabilities

In connection with our normal sales of equipment, including those under sales-type leases, we generally do not issue product warranties. Our arrangements typically involve a separate full service maintenance agreement with the customer. The agreements generally extend over a period equivalent to the lease term or the expected useful life of the equipment under a cash sale. The service agreements involve the payment of fees in return for our performance of repairs and maintenance. As a consequence, we do not have any significant product warranty obligations, including any obligations under customer satisfaction programs. In a few circumstances, particularly in certain cash sales, we may issue a limited product warranty if negotiated by the customer. We also issue warranties for certain of our entry level products, where full service maintenance agreements are not available. In these instances, we record warranty obligations at the time of the sale. Aggregate product warranty liability expenses for the three years ended December 31, 2013 were $28, $29 and $30, respectively. Total product warranty liabilities as of December 31, 2013 and 2012 were $14 and $14, respectively.

Other Contingencies

We have issued or provided the following guarantees as of December 31, 2013:

- $457 for letters of credit issued to i) guarantee our performance under certain services contracts; ii) support certain insurance programs; and iii) support our obligations related to the Brazil tax and labor contingencies.
- $736 for outstanding surety bonds. Certain contracts, primarily those involving public sector customers, require us to provide a surety bond as a guarantee of our performance of contractual obligations.

In general, we would only be liable for the amount of these guarantees in the event of default in our performance of our obligations under each contract; the probability of which we believe is remote. We believe that our capacity in the surety markets as well as under various credit arrangements (including our Credit Facility) is sufficient to allow us to respond to future requests for proposals that require such credit support.

We have service arrangements where we service third-party student loans in the Federal Family Education Loan program (FFEL) on behalf of various financial institutions. We service these loans for investors under outsourcing arrangements and do not acquire any servicing rights that are transferable by us to a third-party. At December 31, 2013, we serviced a FFEL portfolio of approximately 3.2 million loans with an outstanding principal balance of approximately $45.8 billion. Some servicing agreements contain provisions that, under certain circumstances, require us to purchase the loans from the investor if the loan guaranty has been permanently terminated as a result of a loan default caused by our servicing error. If defaults caused by us are cured during an initial period, any obligation we may have to purchase these loans expires. Loans that we purchase may be subsequently cured, the guaranty reinstated and the loans repackaged for sale to third parties. We evaluate our exposure under our purchase obligations on defaulted loans and establish a reserve for potential losses, or default liability reserve, through a charge to the provision for loss on defaulted loans purchased. The reserve is evaluated periodically and adjusted based upon management's analysis of the historical performance of the defaulted loans. As of December 31, 2013, other current liabilities include reserves which we believe to be adequate. At December 31, 2013, other current liabilities include reserves of approximately $3 for losses on defaulted loans purchased.

Note 18 - Preferred Stock

Series A Convertible Preferred Stock

We have issued 300,000 shares of Series A convertible perpetual preferred stock with an aggregate liquidation preference of $300 and an initial fair value of $349. The convertible preferred stock pays quarterly cash dividends at a rate of 8% per year ($24 per year). Each share of convertible preferred stock is convertible at any time, at the option of the holder, into 89.8876 shares of common stock for a total of 26,966 thousand shares (reflecting an initial conversion price of approximately $11.125 per share of common stock), subject to customary anti-dilution adjustments.

On or after February 5, 2015, if the closing price of our common stock exceeds 130% of the then applicable conversion price (currently $11.125 per share of common stock) for 20 out of 30 trading days, we have the right to cause any or all of the convertible preferred stock to be converted into shares of common stock at the then applicable conversion rate. The convertible preferred stock is also convertible, at the option of the holder, upon a change in control, at the applicable conversion rate plus an additional number of shares determined by reference to the price paid for our common stock upon such change in control. In addition, upon the occurrence of certain fundamental change events, including a change in control or the delisting of Xerox's common stock, the holder of convertible preferred stock has the right to require us to redeem any or all of the convertible preferred stock in cash at a redemption price per share equal to the liquidation preference and any accrued and unpaid dividends to, but not including the redemption date. The convertible preferred stock is classified as temporary equity (i.e., apart from permanent equity) as a result of the contingent redemption feature.

Note 19 – Shareholders' Equity

Preferred Stock

As of December 31, 2013, we had one class of preferred stock outstanding. See Note 18 - Preferred Stock for further information. We are authorized to issue approximately 22 million shares of cumulative preferred stock, $1.00 par value per share.

Common Stock

We have 1.75 billion authorized shares of common stock, $1.00 par value per share. At December 31, 2013, 127 million shares were reserved for issuance under our incentive compensation plans, 48 million shares were reserved for debt to equity exchanges, 27 million shares were reserved for conversion of the Series A convertible preferred stock and 1 million shares were reserved for the conversion of convertible debt.

Treasury Stock

We account for the repurchased common stock under the cost method and include such treasury stock as a component of our common shareholder's equity. Retirement of treasury stock is recorded as a reduction of Common stock and Additional paid-in capital at the time such retirement is approved by our Board of Directors.

The following provides cumulative information relating to our share repurchase programs from their inception in October 2005 through December 31, 2013 (shares in thousands):

Authorized share repurchase programs	$	6,500
Share repurchase cost	$	5,386
Share repurchase fees	$	9
Number of shares repurchased		493,492

In 2013, the Board of Directors authorized an additional $0.5 billion in share repurchase bringing the total cumulative authorization to $6.5 billion. As of December 31, 2013, approximately $1.1 billion of that authority remained available.

The following table reflects the changes in Common and Treasury stock shares (shares in thousands):

	Common Stock Shares	Treasury Stock Shares
Balance at December 31, 2010	1,397,578	—
Stock based compensation plans, net	11,027	—
Contributions to U.S. pension plan[(1)]	16,645	—
Acquisition of Treasury stock	—	87,943
Cancellation of Treasury stock	(72,435)	(72,435)
Other	34	—
Balance at December 31, 2011	1,352,849	15,508
Stock based compensation plans, net	17,343	—
Contributions to U.S. pension plan[(1)]	15,366	—
Acquisition of Treasury stock	—	146,278
Cancellation of Treasury stock	(146,862)	(146,862)
Balance at December 31, 2012	1,238,696	14,924
Stock based compensation plans, net	28,731	—
Acquisition of Treasury stock	—	65,179
Cancellation of Treasury stock	(58,102)	(58,102)
Conversion of 2014 9% Notes	996	—
Balance at December 31, 2013	1,210,321	22,001

(1) Refer to Note 15 - Employee Benefits Plans for additional information.

Stock-Based Compensation

We have a long-term incentive plan whereby eligible employees may be granted restricted stock units (RSUs), performance shares (PSs) and non-qualified stock options. We grant stock-based awards in order to continue to attract and retain employees and to better align employees' interests with those of our shareholders. Each of these awards is subject to settlement with newly issued shares of our common stock. At December 31, 2013 and 2012, 59 million and 50 million shares, respectively, were available for grant of awards.

Stock-based compensation expense was as follows:

	Year Ended December 31,					
	2013		2012		2011	
Stock-based compensation expense, pre-tax	$	90	$	125	$	123
Income tax benefit recognized in earnings		34		48		47

Restricted Stock Units: Compensation expense is based upon the grant date market price. The compensation expense is recorded over the vesting period, which is normally three years from the date of grant, based on management's estimate of the number of shares expected to vest.

Performance Shares: We grant officers and selected executives PSs that vest contingent upon meeting pre-determined Revenue, Earnings per Share (EPS) and Cash Flow from Operations targets. These shares entitle the holder to one share of common stock, payable after a three-year period and the attainment of the stated goals. If the annual actual results for Revenue exceed the stated targets and if the cumulative three-year actual results for EPS and Cash Flow from Operations exceed the stated targets, then the plan participants have the potential to earn additional shares of common stock. This overachievement cannot exceed 50% of the original grant.

The fair value of PSs is based upon the market price of our stock on the date of the grant. Compensation expense is recognized over the vesting period, which is normally three years from the date of grant, based on management's estimate of the number of shares expected to vest. If the stated targets are not met, any recognized compensation cost would be reversed.

Employee Stock Options: With the exception of the conversion of ACS options in connection with the ACS acquisition in 2010, we have not issued any new stock options associated with our employee long-term incentive plan since 2004. All stock options previously issued under our employee long-term incentive plan are fully exercised, cancelled or expired as of December 31, 2013.

We had 14,199 thousand and 33,693 thousand of ACS options outstanding at December 31, 2013 and 2012, respectively. The ACS options at December 31, 2013 generally expire within the next 3 years. Unvested ACS options at December 31, 2013 will become fully vested by August 2014.

Summary of Stock-based Compensation Activity

	2013		2012		2011	
(Shares in thousands)	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Restricted Stock Units						
Outstanding at January 1	30,414	$ 9.19	33,784	$ 8.70	32,431	$ 8.68
Granted	610	9.09	13,033	7.82	8,035	10.66
Vested	(9,992)	8.43	(14,848)	6.89	(5,225)	11.64
Cancelled	(1,953)	8.77	(1,555)	8.97	(1,457)	8.57
Outstanding at December 31	19,079	9.62	30,414	9.19	33,784	8.70
Performance Shares						
Outstanding at January 1	14,536	$ 8.74	9,763	$ 9.21	7,771	$ 9.78
Granted	1,839	7.97	5,193	7.87	4,852	10.42
Vested	(6,817)	8.03	—	—	(1,587)	12.84
Cancelled	(1,500)	8.82	(420)	8.96	(1,273)	12.79
Outstanding at December 31	8,058	9.15	14,536	8.74	9,763	9.21
Stock Options						
Outstanding at January 1	33,732	$ 6.86	50,070	$ 6.98	71,038	$ 8.00
Granted	—	—	—	—	—	—
Cancelled/expired	(1,298)	6.53	(8,617)	8.58	(14,889)	8.38
Exercised	(18,235)	6.82	(7,721)	5.69	(6,079)	8.21
Outstanding at December 31	14,199	6.95	33,732	6.86	50,070	6.98
Exercisable at December 31	12,164	7.06	28,676	6.95	39,987	7.14

In 2013, we deferred the annual grant of RSUs and PSs from July 1, 2013 to January 1, 2014. RSUs granted in 2013 represent off-cycle awards while PSs granted in 2013 represent overachievement shares associated with the 2010 PSs grant, which vested in 2013. Commencing in 2014, the annual award cycle will be granted entirely in PSs and on January 1, 2014, we granted 8,395 thousand PSs with a grant date fair value of $12.17 per share.

The total unrecognized compensation cost related to non-vested stock-based awards at December 31, 2013 was as follows:

Awards	Unrecognized Compensation	Remaining Weighted-Average Vesting Period (Years)
Restricted Stock Units	$ 60	1.3
Performance Shares	20	1.3
Stock Options	4	0.6
Total	$ 84	

The aggregate intrinsic value of outstanding RSUs and PSs awards was as follows:

Awards	December 31, 2013
Restricted Stock Units	$ 232
Performance Shares	98

Information related to stock options outstanding and exercisable at December 31, 2013 was as follows:

	Options	
	Outstanding	Exercisable
Aggregate intrinsic value	$ 74	$ 62
Weighted-average remaining contractual life (years)	3.3	3.0

The total intrinsic value and actual tax benefit realized for vested and exercised stock-based awards was as follows:

	December 31, 2013			December 31, 2012			December 31, 2011		
Awards	Total Intrinsic Value	Cash Received	Tax Benefit	Total Intrinsic Value	Cash Received	Tax Benefit	Total Intrinsic Value	Cash Received	Tax Benefit
Restricted Stock Units	$ 91	$ —	$ 30	$ 117	$ —	$ 33	$ 56	$ —	$ 22
Performance Shares	62	—	22	—	—	—	17	—	6
Stock Options	51	124	19	12	44	4	18	44	7

No Performance Shares vested in 2012 since the 2009 primary award grant that normally would have vested in 2012 was replaced with a grant of Restricted Stock Units with a market based condition and therefore were accounted and reported for as part of Restricted Stock Units.

Note 20 – Other Comprehensive Income

Other Comprehensive Income is comprised of the following:

	Year Ended December 31,					
	2013		2012		2011	
	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Translation Adjustments (Losses) Gains	$ (194)	$ (185)	$ 104	$ 113	$ (103)	$ (105)
Unrealized (Losses) Gains:						
Changes in fair value of cash flow hedges - (losses) gains	(126)	(89)	(50)	(35)	30	22
Changes in cash flow hedges reclassed to earnings[1]	123	86	(37)	(28)	(14)	(9)
Other gains (losses)	3	3	—	—	(1)	(1)
Net Unrealized (Losses) Gains	—	—	(87)	(63)	15	12
Defined Benefit Plans Gains (Losses):						
Net actuarial/prior service gains (losses)	729	483	(852)	(578)	(872)	(607)
Prior service amortization[2]	(45)	(29)	(64)	(39)	39	24
Actuarial loss amortization[2]	260	172	190	124	50	36
Curtailment gain - recognition of prior service credit	—	—	—	—	(107)	(66)
Fuji Xerox changes in defined benefit plans, net[3]	23	23	(13)	(13)	(31)	(31)
Other (losses) gains[4]	(17)	(17)	(55)	(55)	8	8
Changes in Defined Benefit Plans Gains (Losses)	950	632	(794)	(561)	(913)	(636)
Other Comprehensive Income (Loss)	756	447	(777)	(511)	(1,001)	(729)
Less: Other comprehensive loss attributable to noncontrolling interests	(1)	(1)	—	—	(1)	(1)
Other Comprehensive Income (Loss) Attributable to Xerox	$ 757	$ 448	$ (777)	$ (511)	$ (1,000)	$ (728)

(1) Reclassified to Cost of sales - refer to Note 13 - Financial Instruments for additional information regarding our cash flow hedges.
(2) Reclassified to Total Net Periodic Benefit Cost - refer to Note 15 - Employee Benefit Plans for additional information.
(3) Represents our share of Fuji Xerox's benefit plan changes.
(4) Primarily represents currency impact on cumulative amount of benefit plan net actuarial losses and prior service credits included in AOCL.

Accumulated Other Comprehensive Loss (AOCL)

AOCL is comprised of the following:

	December 31,		
	2013	2012	2011
Cumulative translation adjustments	$ (1,010)	$ (826)	$ (939)
Benefit plans net actuarial losses and prior service credits[1]	(1,732)	(2,364)	(1,803)
Other unrealized (losses) gains, net	(37)	(37)	26
Total Accumulated Other Comprehensive Loss Attributable to Xerox	$ (2,779)	$ (3,227)	$ (2,716)

(1) Includes our share of Fuji Xerox.

Note 21 – Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share of common stock (shares in thousands):

	Year Ended December 31,		
	2013	2012	2011
Basic Earnings per Share:			
Net income from continuing operations attributable to Xerox	$ 1,185	$ 1,184	$ 1,274
Accrued dividends on preferred stock	(24)	(24)	(24)
Net Income From Continuing Operations Available to Common Shareholders	$ 1,161	$ 1,160	$ 1,250
Net (loss) income from discontinued operations attributable to Xerox	(26)	11	21
Adjusted Net Income Available to Common Shareholders	$ 1,135	$ 1,171	$ 1,271
Weighted-average common shares outstanding	1,225,486	1,302,053	1,388,096
Basic Earnings (Loss) per Share:			
Continuing operations	$ 0.95	$ 0.89	$ 0.90
Discontinued operations	(0.02)	0.01	0.02
Total Basic Earnings per Share	$ 0.93	$ 0.90	$ 0.92
Diluted Earnings per Share:			
Net income from continuing operations attributable to Xerox	$ 1,185	$ 1,184	$ 1,274
Accrued dividends on preferred stock	—	(24)	—
Interest on convertible securities, net	1	1	1
Adjusted Net Income From Continuing Operations Available to Common Shareholders	$ 1,186	$ 1,161	$ 1,275
Net (loss) income from discontinued operations attributable to Xerox	(26)	11	21
Adjusted Net Income Available to Common Shareholders	$ 1,160	$ 1,172	$ 1,296
Weighted-average common shares outstanding	1,225,486	1,302,053	1,388,096
Common shares issuable with respect to:			
Stock options	5,401	4,335	9,727
Restricted stock and performance shares	13,931	20,804	16,993
Convertible preferred stock	26,966	—	26,966
Convertible securities	1,743	1,992	1,992
Adjusted Weighted Average Common Shares Outstanding	1,273,527	1,329,184	1,443,774
Diluted Earnings (Loss) per Share:			
Continuing operations	$ 0.93	$ 0.87	$ 0.88
Discontinued operations	(0.02)	0.01	0.02
Total Diluted Earnings per Share	$ 0.91	$ 0.88	$ 0.90
The following securities were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive (shares in thousands):			
Stock options	8,798	29,397	40,343
Restricted stock and performance shares	12,411	23,430	26,018
Convertible preferred stock	—	26,966	—
Total Anti-Dilutive Securities	21,209	79,793	66,361
Dividends per Common Share	$ 0.23	$ 0.17	$ 0.17

Note 22 – Subsequent Event

In January 2014, we acquired Invoco Holding GmbH (Invoco), a German company, for approximately $59 (€42) in cash. The acquisition of Invoco expands our European customer care services and provides our global customers immediate access to German-language customer care services and provides Invoco's existing customers access to our broad business process outsourcing capabilities. We are in the process of determining the purchase price allocation for this acquisition.

QUARTERLY RESULTS OF OPERATIONS (Unaudited)

(in millions, except per-share data)	First Quarter[1]	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2013					
Revenues	$ 5,202	$ 5,402	$ 5,262	$ 5,569	$ 21,435
Costs and Expenses	4,902	5,070	4,927	5,224	20,123
Income before Income Taxes and Equity Income	300	332	335	345	1,312
Income tax expense	50	68	85	73	276
Equity in net income of unconsolidated affiliates	47	36	43	43	169
Income from Continuing Operations	$ 297	$ 300	$ 293	$ 315	$ 1,205
Income (loss) from discontinued operations, net of tax	3	(23)	(2)	(4)	(26)
Net Income	$ 300	$ 277	$ 291	$ 311	$ 1,179
Less: Net income - noncontrolling interests	4	6	5	5	20
Net Income Attributable to Xerox	$ 296	$ 271	$ 286	$ 306	$ 1,159
Basic Earnings per Share:					
Continuing operations	$ 0.23	$ 0.24	$ 0.23	$ 0.25	$ 0.95
Discontinued operations	—	(0.02)	—	—	(0.02)
Total Basic Earnings per Share	$ 0.23	$ 0.22	$ 0.23	$ 0.25	$ 0.93
Diluted Earnings per Share[2]:					
Continuing operations	$ 0.23	$ 0.23	$ 0.22	$ 0.25	$ 0.93
Discontinued operations	—	(0.02)	—	(0.01)	(0.02)
Total Diluted Earnings per Share	$ 0.23	$ 0.21	$ 0.22	$ 0.24	$ 0.91
2012[1]					
Revenues	$ 5,331	$ 5,368	$ 5,275	$ 5,763	$ 21,737
Costs and Expenses	5,026	5,021	4,961	5,397	20,405
Income before Income Taxes and Equity Income	305	347	314	366	1,332
Income tax expense	75	64	62	71	272
Equity in net income of unconsolidated affiliates	40	31	34	47	152
Income from Continuing Operations	270	314	286	342	1,212
Income from discontinued operations, net of tax	6	2	2	1	11
Net Income	276	316	288	343	1,223
Less: Net income - noncontrolling interests	7	7	6	8	28
Net Income Attributable to Xerox	$ 269	$ 309	$ 282	$ 335	$ 1,195
Basic Earnings per Share[2]:					
Continuing operations	$ 0.19	$ 0.23	$ 0.21	$ 0.26	$ 0.89
Discontinued operations	0.01	—	—	—	0.01
Total Basic Earnings per Share:	$ 0.20	$ 0.23	$ 0.21	$ 0.26	$ 0.90
Diluted Earnings per Share[2]:					
Continuing operations	$ 0.19	$ 0.22	$ 0.21	$ 0.26	$ 0.87
Discontinued operations	—	—	—	—	0.01
Total Diluted Earnings per Share	$ 0.19	$ 0.22	$ 0.21	$ 0.26	$ 0.88

(1) *First quarter 2013 and all periods of 2012 have been restated to reflect the 2013 disposition of our North American (Canada and U.S.) and Western European Paper Businesses as Discontinued Operations. Refer to Note 3 - Acquisitions and Divestitures in our Consolidated Financial Statements for additional information.*

(2) *The sum of quarterly earnings per share may differ from the full-year amounts due to rounding, or in the case of diluted earnings per share, because securities that are anti-dilutive in certain quarters may not be anti-dilutive on a full-year basis.*

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Management's Responsibility for Financial Statements

Our management is responsible for the integrity and objectivity of all information presented in this annual report. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the Company's financial position and results of operations.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets regularly with the independent auditors, PricewaterhouseCoopers LLP, the internal auditors and representatives of management to review accounting, financial reporting, internal control and audit matters, as well as the nature and extent of the audit effort. The Audit Committee is responsible for the engagement of the independent auditors. The independent auditors and internal auditors have access to the Audit Committee.

Disclosure Controls and Procedures

The Company’s management evaluated, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms relating to Xerox Corporation, including our consolidated subsidiaries, and was accumulated and communicated to the Company’s management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the rules promulgated under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive, financial and accounting officers, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in “Internal Control - Integrated Framework (1992)” issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the above evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2013.

The effectiveness of our internal control over financial reporting as of December 31, 2013 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in Part II, Item 8 of this Form 10-K.

Changes in Internal Control over Financial Reporting

In connection with the evaluation required by paragraph (d) of Rule 13a-15 under the Exchange Act, there was no change identified in our internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding directors is incorporated herein by reference to the section entitled “Proposal 1 - Election of Directors” in our definitive Proxy Statement (2014 Proxy Statement) to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, for our Annual Meeting of Stockholders to be held on May 20, 2014. The Proxy Statement will be filed within 120 days after the end of our fiscal year ended December 31, 2013.

The information regarding compliance with Section 16(a) of the Securities and Exchange Act of 1934 is incorporated herein by reference to the section entitled “Section 16(a) Beneficial Ownership Reporting Compliance” of our 2014 Proxy Statement.

The information regarding the Audit Committee, its members and the Audit Committee financial experts is incorporated by reference herein from the subsection entitled “Committee Functions, Membership and Meetings” in the section entitled “Proposal 1 - Election of Directors” in our 2014 Proxy Statement.

We have adopted a code of ethics applicable to our principal executive officer, principal financial officer and principal accounting officer. The Finance Code of Conduct can be found on our website at: http://www.xerox.com/investor and then clicking on Corporate Governance. Information concerning our Finance Code of Conduct can be found under "Corporate Governance" in our 2014 definitive Proxy Statement and is incorporated here by reference.

Executive Officers of Xerox

The following is a list of the executive officers of Xerox, their current ages, their present positions and the year appointed to their present positions.

Each officer is elected to hold office until the meeting of the Board of Directors held on the day of the next annual meeting of shareholders, subject to the provisions of the By-Laws.

Name	Age	Present Position	Year Appointed to Present Position	Xerox Officer Since
Ursula M. Burns*	55	Chairman of the Board and Chief Executive Officer	2010	1997
Lynn R. Blodgett	59	Executive Vice President; President, Services Business	2012	2010
James A. Firestone	59	Executive Vice President; President, Corporate Strategy & Asian Operations	2008	1998
Kathryn A. Mikells	48	Executive Vice President and Chief Financial Officer	2013	2013
Armando Zagalo de Lima	55	Executive Vice President; President, Technology Business	2012	2000
Don H. Liu	52	Senior Vice President, General Counsel and Secretary	2007	2007
Thomas J. Maddison	50	Senior Vice President, Chief Human Resources Officer	2010	2010
Herve Tessler	50	Senior Vice President, President, Corporate Operations	2014	2010
Joseph H. Mancini, Jr.	55	Vice President and Chief Accounting Officer	2013	2010
Leslie F. Varon	57	Vice President, Finance and Corporate Controller	2010	2001

* Member of Xerox Board of Directors

Each officer named above, with the exception of Lynn R. Blodgett and Kathryn A. Mikells, has been an officer or an executive of Xerox or its subsidiaries for at least the past five years.

Prior to joining Xerox in 2010 through our acquisition of Affiliated Computer Services, Inc. (ACS), Mr. Blodgett was President and Chief Executive Officer of ACS since 2006. Prior to that he served as Executive Vice President and Chief Operating Officer of ACS from 2005-2006 and before that he served as Executive Vice President and Group President - Commercial Solutions of ACS since July 1999.

Prior to joining Xerox in 2013, Ms. Mikells was with ADT Corporation where she was Chief Financial Officer from April 2012 to 2013. Prior to that she was Chief Financial Officer with Nalco and before that she held various senior leadership roles during her 16 year career with UAL Corporation.

ITEM 11. EXECUTIVE COMPENSATION

The information included under the following captions under “Proposal 1-Election of Directors” in our 2014 definitive Proxy Statement is incorporated herein by reference: “Compensation Discussion and Analysis”, “Summary Compensation Table”, “Grants of Plan-Based Awards in 2013”, “Outstanding Equity Awards at 2013 Fiscal Year-End”, “Option Exercises and Stock Vested in 2013”, “Pension Benefits for the 2013 Fiscal Year”, “Nonqualified Deferred Compensation for the 2013 Fiscal Year”, “Potential Payments upon Termination or Change in Control”, “Summary of Director Annual Compensation, "Compensation Committee Interlocks and Insider Participation” and “Compensation Committee”. The information included under the heading “Compensation Committee Report” in our 2014 definitive Proxy Statement is incorporated herein by reference; however, this information shall not be deemed to be “soliciting material” or to be “filed” with the Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act of 1934, as amended.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management and securities authorized for issuance under equity compensation plans is incorporated herein by reference to the subsections entitled “Ownership of Company Securities,” and “Equity Compensation Plan Information” under “Proposal 1- Election of Directors” in our 2014 definitive Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions is incorporated herein by reference to the subsection entitled “Certain Relationships and Related Person Transactions” under “Proposal 1- Election of Directors” in our 2014 definitive Proxy Statement. The information regarding director independence is incorporated herein by reference to the subsections entitled “Corporate Governance” and “Director Independence” in the section entitled “Proposal 1 - Election of Directors” in our 2014 definitive Proxy Statement.

ITEM 14. PRINCIPAL AUDITOR FEES AND SERVICES

The information regarding principal auditor fees and services is incorporated herein by reference to the section entitled “Proposal 2 - Ratification of Election of Independent Registered Public Accounting Firm” in our 2014 definitive Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Index to Financial Statements and Financial Statement Schedule, incorporated by reference or filed as part of this report:

- Report of Independent Registered Public Accounting Firm including Report on Financial Statement Schedule;
- Consolidated Statements of Income for each of the years in the three-year period ended December 31, 2013;
- Consolidated Statements of Comprehensive Income for each of the years in the three-year period ended December 31, 2013;
- Consolidated Balance Sheets as of December 31, 2013 and 2012;
- Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2013;
- Consolidated Statements of Shareholders' Equity for each of the years in the three-year period ended December 31, 2013;
- Notes to the Consolidated Financial Statements;
- Schedule II - Valuation and Qualifying Accounts for the three years ended December 31, 2013; and
- All other schedules are omitted as they are not applicable, or the information required is included in the financial statements or notes thereto.

(2) Supplementary Data:

- Quarterly Results of Operations (unaudited); and
- Five Years in Review.

(3) The exhibits filed herewith or incorporated herein by reference are set forth in the Index of Exhibits included herein.

(b) The management contracts or compensatory plans or arrangements listed in the “Index of Exhibits” that are applicable to the executive officers named in the Summary Compensation Table which appears in Registrant's 2014 Proxy Statement or to our directors are preceded by an asterisk (*).

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

XEROX CORPORATION

/s/ URSULA M. BURNS

Ursula M. Burns
Chairman of the Board and
Chief Executive Officer
February 21, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

February 21, 2014

Signature	Title
Principal Executive Officer:	
/s/ URSULA M. BURNS **Ursula M. Burns**	Chairman of the Board, Chief Executive Officer and Director
Principal Financial Officer:	
/s/ KATHRYN A. MIKELLS **Kathryn A. Mikells**	Executive Vice President and Chief Financial Officer
Principal Accounting Officer:	
/s/ JOSEPH H. MANCINI, JR. **Joseph H. Mancini, Jr.**	Vice President and Chief Accounting Officer
/s/ GLENN A. BRITT **Glenn A. Britt**	Director
/s/ RICHARD J. HARRINGTON **Richard J. Harrington**	Director
/s/ WILLIAM CURT HUNTER **William Curt Hunter**	Director
/s/ ROBERT J. KEEGAN **Robert J. Keegan**	Director
/s/ ROBERT A. MCDONALD **Robert A. McDonald**	Director
/s/ CHARLES PRINCE **Charles Prince**	Director
/s/ ANN N. REESE **Ann N. Reese**	Director
/s/ SARA MARTINEZ TUCKER **Sara Martinez Tucker**	Director
/s/ MARY AGNES WILDEROTTER **Mary Agnes Wilderotter**	Director

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
For the three years ended December 31, 2013

(in millions)	Balance at beginning of period	Additions charged to bad debt provision (1)	Amounts (credited) charged to other income statement accounts (1)	Deductions and other, net of recoveries (2)	Balance at end of period
2013 Allowance for Losses:					
Accounts Receivable	$ 108	$ 39	$ (2)	$ (33)	$ 112
Finance Receivables	170	81	5	(102)	154
	$ 278	$ 120	$ 3	$ (135)	$ 266
2012 Allowance for Losses:					
Accounts Receivable	$ 102	$ 44	$ 3	$ (41)	$ 108
Finance Receivables	201	75	5	(111)	170
	$ 303	$ 119	$ 8	$ (152)	$ 278
2011 Allowance for Losses:					
Accounts Receivable	$ 112	$ 57	$ (1)	$ (66)	$ 102
Finance Receivables	212	100	(2)	(109)	201
	$ 324	$ 157	$ (3)	$ (175)	$ 303

(1) Bad debt provisions relate to estimated losses due to credit and similar collectability issues. Other charges (credits) relate to adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.

(2) Deductions and other, net of recoveries primarily relates to receivable write-offs, but also includes the impact of foreign currency translation adjustments and recoveries of previously written off receivables.

INDEX OF EXHIBITS
Document and Location

3(a)	Restated Certificate of Incorporation of Registrant filed with the Department of State of the State of New York on February 21, 2013. Incorporated by reference to Exhibit 3(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012. See SEC File Number 001-04471.
3(b)	By-Laws of Registrant, as amended through May 21, 2009. Incorporated by reference to Exhibit 3(b) to Registrant's Current Report on Form 8-K dated May 21, 2009 (filed May 28, 2009). See SEC File Number 001-04471.
4(a)(1)	Indenture dated as of December 1, 1991, between Registrant and Citibank, N.A., as trustee, relating to unlimited amounts of debt securities, which may be issued from time to time by Registrant when and as authorized by or pursuant to a resolution of Registrant's Board of Directors (the “December 1991 Indenture”). Incorporated by reference to Exhibit 4(a) to Registrant's Registration Statement Nos. 33-44597, 33-49177 and 33-54629. See SEC File Number 001-04471.
4(a)(2)	Instrument of Resignation, Appointment and Acceptance dated as of February 1, 2001, among Registrant, Citibank, N.A., as resigning trustee, and Wilmington Trust Company, as successor trustee, relating to the December 1991 Indenture. Incorporated by reference to Exhibit 4(a)(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 filed on June 7, 2001. See SEC File Number 001-04471.
4(a)(3)	Instrument of Resignation, Appointment and Acceptance dated as of July 30, 2008, among Registrant, Wilmington Trust Company, as prior trustee, Citibank,, N.A. as prior paying agent, registrar and issuing and paying agent, and The Bank of New York Mellon, as successor trustee, relating to the December 1991 Indenture. Incorporated by reference to Exhibit 4(a)(3) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. See SEC File Number 001-04471.
4(b)(1)	Indenture, dated as of June 25, 2003, between Registrant and Wells Fargo, as trustee, relating to unlimited amounts of debt securities which may be issued from time to time by Registrant when and as authorized by or pursuant to a resolution of Registrant's Board of Directors (the “June 25, 2003 Indenture”). Incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K dated June 25, 2003. See SEC File Number 001-04471.
4(b)(2)	Form of Third Supplemental Indenture, dated as of March 20, 2006, to the June 25, 2003 Indenture. Incorporated by reference to Exhibit 4(b)(6) to Registrant's Current Report on Form 8-K dated March 20, 2006. See SEC File Number 001-04471.
4(b)(3)	Form of Fourth Supplemental Indenture, dated as of August 18, 2006, to the June 25, 2003 Indenture. Incorporated by reference to Exhibit 4(b)(7) to Registrant's Current Report on Form 8-K dated August 18, 2006. See SEC File Number 001-04471.
4(b)(4)	Form of Sixth Supplemental Indenture, dated as of May 17, 2007 to the June 25, 2003 Indenture. Incorporated by reference to Exhibit 4(b)(2) to Registrant's Registration Statement No. 333-142900. See SEC File Number 001-04471.
4(c)	Form of Credit Agreement dated as of December 16, 2011 between Registrant and the Initial Lenders named therein, Citibank, N.A., as Administrative Agent, and Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and BNP Paribas Securities Corp. as Joint Lead Arrangers and Joint Bookrunners (the “Credit Agreement”). Incorporated by reference to Exhibit 4(d) to Registrant's Current Report on Form 8-K dated December 16, 2011. See SEC File Number 001-04471.
4(d)	Form of Indenture dated as of December 4, 2009 between Xerox Corporation and the Bank of New York Mellon, as trustee, relating to an unlimited amount of senior debt securities. Incorporated by reference to Exhibit 4(b)(5) to Post-Effective Amendment No. 1 to Registrant's Registration Statement No. 333-142900. See SEC File Number 001-04471.
4(e)(1)	Indenture, dated as of June 6, 2005, by and between Affiliated Computer Services, Inc. (“ACS”) as Issuer and The Bank of New York Trust Company, N.A. as Trustee (the “June 6, 2005 Indenture”).

	Incorporated by reference to Exhibit 4.1 to ACS's Current Report on Form 8-K, filed June 6, 2005. See SEC File Number 001-12665.
4(e)(2)	Second Supplemental Indenture, dated as of June 6, 2005, to the June 6, 2005 Indenture.
	Incorporated by reference to Exhibit 4.3 to ACS's Current Report on Form 8-K, filed June 6, 2005. See SEC File Number 001-12665.
4(e)(3)	Third Supplemental Indenture, dated as of February 5, 2010, to the June 6, 2005 Indenture between Boulder Acquisition Corp., the successor to ACS, and The Bank of New York Trust Company, N.A.
	Incorporated by reference to Exhibit 4(j)(4) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2009. See SEC File Number 001-04471.
4(f)	Instruments with respect to long-term debt where the total amount of securities authorized thereunder does not exceed 10 percent of the total assets of Registrant and its subsidiaries on a consolidated basis have not been filed. Registrant agrees to furnish to the Commission a copy of each such instrument upon request.
10	The management contracts or compensatory plans or arrangements listed below that are applicable to the executive officers named in the Summary Compensation Table which appears in Registrant's 2014 Proxy Statement or to our directors are preceded by an asterisk (*).
*10(a)(1)	Registrant's Form of Separation Agreement (with salary continuance) - February 2010.
	Incorporated by reference to Exhibit 10(a)(1) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2009. See SEC File Number 001-04471.
*10(a)(2)	Registrant's Form of Separation Agreement (without salary continuance) - February 2010.
	Incorporated by reference to Exhibit 10(a)(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2009. See SEC File Number 001-04471.
10(b)	[Reserved]
*10(c)(1)	Registrant's 1996 Non-employee Director Stock Option Plan, as amended and restated December 5, 2007 (“1996 NDSOP”).
	Incorporated by reference to Exhibit 10(c)(1) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007. See SEC File Number 001-04471.
*10(c)(2)	Amendment dated December 5, 2007 to 1996 NDSOP.
	Incorporated by reference to Exhibit 10(c)(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007. See SEC File Number 001-04471.
*10(d)(1)	Registrant's 2004 Equity Compensation Plan for Non-Employee Directors, as amended and restated as of May 21, 2013 (“2004 ECPNED”).
*10(d)(2)	Form of Agreement under 2004 ECPNED.
	Incorporated by reference to Exhibit 10(d)(2) to Registrant's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2005. See SEC File Number 001-04471.
*10(d)(3)	Form of Grant Summary under 2004 ECPNED.
	Incorporated by reference to Exhibit 10(d)(3) to Registrant's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2005. See SEC File Number 001-04471.
*10(d)(4)	Form of DSU Deferral under 2004 ECPNED.
	Incorporated by reference to Exhibit 10(d)(4) to Registrant's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2005. See SEC File Number 001-04471.
*10(e)(1)	Registrant's 2004 Performance Incentive Plan, as amended and restated as of December 4, 2007 (“2007-2 PIP”).
	Incorporated by reference to Exhibit 10(e)(15) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007. See SEC File Number 001-04471.
*10(e)(2)	Amendment dated December 4, 2007 to 2007-2 PIP.
	Incorporated by reference to Exhibit 10(e)(20) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007. See SEC File Number 001-04471.
*10(e)(3)	Amendment No. 1 dated December 17, 2008 to 2007-2 PIP.
	Incorporated by reference to Exhibit 10(e)(22) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. See SEC File Number 001-04471.
*10(e)(4)	Amendment No. 2 dated February 16, 2009 to 2007-2 PIP.
	Incorporated by reference to Exhibit 10(e)(23) to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009. See SEC File Number 001-04471.

*10(e)(5)	Registrant's 2004 Performance Incentive Plan, as amended and restated May 20, 2010.
	Incorporated by reference to Exhibit 10(e)(24) to Registrant's Current Report on Form 8-K dated May 20, 2010. See SEC File Number 001-04471.
*10(e)(6)	Annual Performance Incentive Plan for 2011
	Incorporated by reference to Exhibit 10(e)(16) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. See SEC File Number 001-04471.
*10(e)(7)	Performance Elements for 2011 Executive Long-Term Incentive Program (“2011 ELTIP”)
	Incorporated by reference to Exhibit 10(e)(20) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2010. See SEC File Number 001-04471.
*10(e)(8)	Form of Executive Long-Term Incentive Award under 2011 ELTIP
	Incorporated by reference to Exhibit 10(e)(22) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2010. See SEC File Number 001-04471.
*10(e)(9)	Form of Executive Long-Term Incentive Program Award Summary under 2011 ELTIP
	Incorporated by reference to Exhibit 10(e)(21) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2010. See SEC File Number 001-04471.
*10(e)(10)	Annual Performance Incentive Plan for 2012.
	Incorporated by reference to Exhibit 10(e)(16) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012. See SEC File Number 001-04471
*10(e)(11)	Performance Elements for 2012 Executive Long-Term Incentive Program (“2012 ELTIP”).
	Incorporated by reference to Exhibit 10(e)(21) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. See SEC File Number 001-04471.
*10(e)(12)	Form of Executive Long-Term Incentive Award under 2012 ELTIP (Performance Shares).
	Incorporated by reference to Exhibit 10(e)(22) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. See SEC File Number 001-04471.
*10(e)(13)	Form of Executive Long-Term Incentive Program Award Summary under 2012 ELTIP (Performance Shares).
	Incorporated by reference to Exhibit 10(e)(23) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. See SEC File Number 001-04471.
*10(e)(14)	Form of Executive Long-Term Incentive Program Restricted Stock Unit Retention Award Summary under 2012 ELTIP.
	Incorporated by reference to Exhibit 10(e)(24) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. See SEC File Number 001-04471.
*10(e)(15)	Form of Restricted Stock Unit Retention Award under 2012 ELTIP.
	Incorporated by reference to Exhibit 10(e)(25) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. See SEC File Number 001-04471.
*10(e)(16)	Registrant's 2004 Performance Incentive Plan, as amended and restated as of May 24, 2012 ("2012 PIP").
	Incorporated by reference to Exhibit 10(e)(26) to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012. See SEC File Number 001-04471.
*10(e)(17)	Annual Performance Incentive Plan for 2013.
*10(e)(18)	Performance Elements for 2013 Executive Long-Term Incentive Program ("2013 ELTIP").
	Incorporated by reference to Exhibit 10(e)(24) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012. See SEC File Number 001-04471.
*10(e)(19)	Form of Executive Long-Term Incentive Award under 2013 ELTIP (Performance Shares).
	Incorporated by reference to Exhibit 10(e)(25) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012. See SEC File Number 001-04471.
*10(e)(20)	Form of Executive Long-Term Incentive Program Award Summary under 2013 ELTIP (Performance Shares).
	Incorporated by reference to Exhibit 10(e)(26) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012. See SEC File Number 001-04471.
*10(e)(21)	Form of Executive Long-Term Incentive Program Restricted Stock Unit Retention Award Summary under 2013 ELTIP.

	Incorporated by reference to Exhibit 10(e)(24) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. See SEC File Number 001-04471.
*10(e)(22)	Form of Restricted Stock Unit Retention Award under 2013 ELTIP.
	Incorporated by reference to Exhibit 10(e)(25) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. See SEC File Number 001-04471.
*10(e)(23)	Amendment No. 1 dated as of December 11, 2013 to 2012 PIP.
*10(e)(24)	Annual Performance Incentive Plan for 2014.
*10(e)(25)	Performance Elements for 2014 Executive Long-Term Incentive Plan.
*10(e)(26)	Form of Award Agreement under 2012 PIP (Performance Shares).
*10(e)(27)	Form of Award Summary under 2012 PIP (Performance Shares).
*10(e)(28)	Form of Award Agreement under 2012 PIP (Retention Restricted Stock Units).
*10(e)(29)	Form of Award Summary under 2012 PIP (Retention Restricted Stock Units).
*10(f)	[Reserved]
*10(g)(1)	2004 Restatement of Registrant's Unfunded Supplemental Executive Retirement Plan, as amended and restated December 4, 2007 ("2007 USERP").
	Incorporated by reference to Exhibit 10(g)(1) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007. See SEC File Number 001-04471.
*10(g)(2)	Amendment dated December 4, 2007 to Registrant's 2007 USERP.
	Incorporated by reference to Exhibit 10(g)(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007. See SEC File Number 001-04471.
*10(g)(3)	Amendment No. 1 dated December 11, 2008 to Registrant's 2007 USERP.
	Incorporated by reference to Exhibit 10(g)(3) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. See SEC File Number 001-04471.
*10(g)(4)	Amendment No. 2 dated April 28, 2011 to Registrant's 2007 USERP.
	Incorporated by reference to Exhibit 10(g)(4) to Registrant's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2011. See SEC File Number 001-04471.
*10(g)(5)	Amendment No. 3 dated December 7, 2011 to Registrant's 2007 USERP.
	Incorporated by reference to Exhibit 10(g)(5) to Registrant's Current Report on Form 8-K dated December 7, 2011. See SEC File Number 001-04471.
*10(h)	1996 Amendment and Restatement of Registrant's Restricted Stock Plan for Directors, as amended through February 4, 2002.
	Incorporated by reference to Exhibit 10(h) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2004. See SEC File Number 001-04471.
10(i)	[Reserved]
*10(j)(1)	Registrant's Universal Life Plan as amended and restated as of August 26, 2013.
	Incorporated by reference to Exhibit 10(j)(1) to Registrant's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2013. See SEC File Number 001-00471.
*10(j)(2)	Participant Agreement for Registrant's Universal Life Plan.
	Incorporated by reference to Exhibit 10(j)(2) to Registrant's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2013. See SEC File Number 001-00471.
*10(k)(1)	Registrant's Deferred Compensation Plan for Directors, as amended and restated December 5, 2007 ("DCPD").
	Incorporated by reference to Exhibit 10(k)(1) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007. See SEC File Number 001-04471.
*10(k)(2)	Amendment dated December 5, 2007 to DCPD.
	Incorporated by reference to Exhibit 10(k)(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007. See SEC File Number 001-04471.
*10(k)(3)	Amendment No. 2 dated May 17, 2010 to DCPD.
	Incorporated by reference to Exhibit 10(k)(3) to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010. See SEC File Number 001-04471.
*10(l)	Registrant's Deferred Compensation Plan for Executives, 2004 Restatement, as amended through August 11, 2004.

	Incorporated by reference to Exhibit 10(l) to Registrant's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2004. See SEC File Number 001-04471.
10(m)	Separation Agreement dated May 11, 2000 between Registrant and G. Richard Thoman, former President and Chief Executive Officer of Registrant.
	Incorporated by reference to Exhibit 10(n) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005. See SEC File Number 001-04471.
*10(n)	Uniform Rule dated December 17, 2008 for all Deferred Compensation Promised by Registrant.
	Incorporated by reference to Exhibit 10(r) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. See SEC File Number 001-04471.
10(o)	2006 Technology Agreement, effective as of April 1, 2006, by and between Registrant and Fuji Xerox Co., Ltd.
	Incorporated by reference to Exhibit 99.1 to Registrant's Current Report on Form 8-K dated March 9, 2006. See SEC File Number 001-04471.**
*10(p)	Form of Severance Agreement entered into with various executive officers, effective October 2010.
	Incorporated by reference to Exhibit 10(t) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2010. See SEC File Number 001-04471.
*10(q)	Senior Executive Agreement dated September 27, 2009 among ACS, Registrant and Lynn Blodgett.
	Incorporated by reference to Exhibit 10.2 to ACS's Current Report on Form 8-K dated September 27, 2009. See SEC File Number 001-12665.
*10(r)(1)	Affiliated Computer Services, Inc. (“ACS”) 1997 Stock Incentive Plan (“ACS 1997 SIP”)
	Incorporated by reference to Appendix D to ACS's Joint Proxy Statement on Schedule 14A, filed November 14, 1997. See SEC File Number 001-12665.
*10(r)(2)	Amendment No. 1 dated October 28, 2004 to ACS 1997 SIP.
	Incorporated by reference to Exhibit 4.6 to ACS's Registration Statement on Form S-8, filed December 6, 2005. See SEC File Number 001-12665.
*10(s)	ACS Amended and Restated 2007 Equity Incentive Plan.
	Incorporated by reference to Exhibit 10.1 to ACS's Current Report on Form 8-K filed August 21, 2009. See SEC File Number 001-12665.
*10(t)	ACS Senior Executive Annual Incentive Plan.
	Incorporated by reference to Exhibit A to ACS's Proxy Statement on Schedule 14A, filed April 14, 2009. See SEC File Number 001-12665.
*10(u)	ACS 401(k) Supplemental Plan, effective as of July 1, 2000, as amended.
	Incorporated by reference to Exhibit 10.15 to ACS's Annual Report on Form 10-K for the fiscal year ended June 30, 2004. See SEC File Number 001-12665.
*10(v)	Letter Agreement dated March 25, 2013 between Registrant and Kathryn A. Mikells, Executive Vice President and Chief Financial Officer of Registrant.
	Incorporated by reference to Exhibit 10(f) to Registrant's Current Report on Form 8-K dated March 26, 2013. See SEC File Number 001-04471.
*10(w)	Master Plan Amendment dated May 2, 2011 to Registrant-Sponsored Benefit Plans.
	Incorporated by reference to Exhibit 10(bb) to Registrant's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2011. See SEC File Number 001-04471.
12	Computation of Ratio of Earnings to Fixed charges and the Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
21	Subsidiaries of Registrant.
23	Consent of PricewaterhouseCoopers LLP.
31(a)	Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)	Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32	Certification of CEO and CFO pursuant to 18 U.S.C. §1350 as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.INS	XBRL Instance Document.

101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.SCH	XBRL Taxonomy Extension Schema Linkbase.

*** Pursuant to the Freedom of Information Act and/or a request for confidential treatment filed with the Securities and Exchange Commission under Rule 24b-2 of the Securities Exchange Act of 1934, as amended, the confidential portion of this material has been omitted and filed separately with the Securities and Exchange Commission.*

Xerox Corporation
45 Glover Avenue
P.O. Box 4505
Norwalk, CT 06856-4505
United States
203.968.3000
www.xerox.com

xerox®

Xerox invented pop-up call centers for areas recovering from a disaster

In four of the last five years Xerox was named to Canada's Best Diversity Employers

The Xerox Alto had the first integrated keyboard mouse & graphic interface

Xerox manages a $285 billion consumer loan servicing portfolio

Through our Heroes@Home program Xerox hires veterans & military spouses for at-home employment

Over 900 million healthcare program claims are processed annually in the U.S. by Xerox

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DNBi® Risk Management

Printed By: Mark Campbell
Date Printed: January 21, 2014

Live Report : XEROX CORPORATION

D-U-N-S® Number: 04-959-1852
Trade Names: XEROX
Endorsement/Billing Reference: mark.campbell3@xerox.com

D&B Address

Address	45 Glover Ave Norwalk,CT - 06856	**Location Type**	Headquarters
		Web	www.xerox.com
Phone	800 275-9376		
Fax	203-968-3917		

Endorsement : mark.campbell3@xerox.com

Company Summary

Currency: Shown in USD unless otherwise indicated

Score Bar

Employees		147600	Includes Officers, 475 employed here.
PAYDEX®	↑	70	Paying 15 days past due
Commercial Credit Score Class	↑	4	Moderate to High Risk of severe payment delinquency.
Financial Stress Score Class	↑	3	Moderate Risk of severe financial stress.
Credit Limit - D&B Conservative		1,000,000.00	Based on profiles of other similar companies.
D&B Rating		5A2	5A indicates 50 million and over, Credit appraisal of 2 is good

Detailed Trade Risk Insight™

Days Beyond Terms Past 3 Months

7
Days

Dollar-weighted average of **288** payment experiences reported from **120** Companies

Recent Derogatory Events

	Nov-13	Dec-13	Jan-14
Placed for Collection	-	-	-
Bad Debt Written Off	-	-	-

Stock Performance

XRX : **12.33** ↑ 0.13 (1.07%)

Previous Close:	12.20
Volume:	1017551.00
Daily High:	12.33
Daily Low:	12.27
52-Week High:	12.65
52-Week Low:	7.49
P/E:	13.1170
Market Cap:	15,179,635,620
EPS:	0.94

D&B Viability Rating

1	**Viability Score : 1**
3	**Portfolio Comparison : 3**
A	**Data Depth Indicator : A**

A — Company Profile : A

Financial Data	Trade Payments	Company Size	Years in Business
Available	Available (3+Trade)	Large	Established

Div/Yield: 1.87

D&B Company Overview

This is a headquarters location

Branch(es) or Division(s) exist	Y
Mailing Address	PO BOX 4505 NORWALK,CT06856
Chief Executive	URSULA M BURNS, CHB-CEO
Stock Symbol	XRX
Year Started	1906
Employees	147600 (475 Here)
SIC	3577 , 3861
Line of business	Business process outsourcing, mfg & svc computer peripheral equip & copiers, distributes paper & finance leasing of copiers
NAICS	334118
History Status	CLEAR
Financial Condition	GOOD

Company News

Today: Tuesday, January 21, 2014

Xerox DocuShare expands content management
2014-01-20T03:09:38 EST 3:09 AM-Al Bawaba

Closed-loop recycling system for uniforms
2014-01-17T10:26:20 EST 10:26 AM-CIO Asia

AOS Names Tom Oldfield as President
2014-01-17T09:14:34 EST 9:14 AM-Business Wire

Star Colourpark is no studio, but will print photo
2014-01-17T05:03:04 EST 5:03 AM-The Hindu

HRTMS Announces Strategic Alliance with Buck
2014-01-16T21:11:15 EST 9:11 PM-PR inside

Xerox Named a Leader in IDC MarketScape
2014-01-15T10:51:06 EST 10:51 AM-CNW Group

Frost & Sullivan Recognizes Xerox's
2014-01-15T10:21:52 EST 10:21 AM-PR Newswire Asia

Xerox appoints new senior management staff
2014-01-15T06:12:21 EST 6:12 AM-The Recycler

Xerox DocuShare Expands Content Management
2014-01-14T05:28:15 EST 5:28 AM-EFYTimes.com

Xerox hosts recruiting event for potential
2014-01-13T20:00:09 EST 8:00 PM-Times Record

Why Xerox (XRX) Hit a One-Year High Today
2014-01-13T17:27:44 EST 5:27 PM-TheStreet.com

Xerox Names Jeff Jacobson COO, Global
2014-01-13T11:02:37 EST 11:02 AM-WhatTheyThink

Xerox's Web Tools Provide Advantage to
2014-01-10T17:20:51 EST 5:20 PM-Xerox Corporation

Holden takes on new role at Buck
2014-01-08T12:30:41 EST 12:30

See How Xerox Ranks Among Analysts' Top
2014-01-07T15:36:55 EST 3:36 PM-Wicked Local

3D Systems acquires Xerox's Solid Ink
2014-01-06T21:39:24 EST 9:39 PM-Architosh

3D Systems makes two more acquisitions
2014-01-06T04:55:15 EST 4:55 AM-European Plastics

Xerox Corporation : Service of two devices from
2014-01-05T23:27:59 EST 11:27 PM-4-Traders

Xerox Corporation : Data Breach Affecting
2014-01-04T08:28:07 EST 8:28 AM-4-Traders

3D Systems Closes XRX's Ink Teams Buy
2014-01-03T18:33:04 EST 6:33 PM-Yahoo! Finance

Xerox DocuMate 5445 Wins Best Small Office
2014-01-03T17:17:50 EST 5:17 PM-Xerox Corporation

Xerox Corporation : 3D Systems buys Gentle

3D Systems (DDD) Completes $32.5M Solid Ink
2014-01-02T12:30:45 EST 12:30 PM-StreetInsider.com

Xerox Corporation : Xerox Assigned Patent
2014-01-01T07:37:48 EST 7:37 AM-4-Traders

3D Systems buys Xerox's solid ink product
2013-12-31T01:30:25 EST 1:30 AM-TechFever Network

The Electronic Avenue: How Xerox Predicted the
2013-12-27T16:05:23 EST 4:05 PM-Wired News

3D Systems-Xerox Deal Is First of Its Kind
2013-12-24T15:05:06 EST 3:05 PM-Gartner, Inc.

Powered by FirstRain

Public Filings

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	Number of Records	Most Recent Filing Date
Bankruptcies	0	-
Judgments	2	11/05/08
Liens	12	06/02/10
Suits	25	11/13/13
UCCs	1465	12/05/13

The public record items contained herein may have been paid, terminated, vacated or released prior to todays date.

Corporate Linkage

Subsidiaries (Domestic)

Company	City , State	D-U-N-S® NUMBER
CTX BUSINESS SOLUTIONS, INC.	PORTLAND , Oregon	02-772-0333
ZENO OFFICE SOLUTIONS, INC.	TAMPA , Florida	03-280-8925
ACS TRANSPORT SOLUTIONS, INC.	NORCROSS , Georgia	04-278-7887
ACS GOVERNMENT SYSTEMS, INC.	LEXINGTON , Kentucky	05-026-5321
PALO ALTO RESEARCH CENTER INCORPORATED	PALO ALTO , California	11-221-9014
XEROX BUSINESS SERVICES, LLC	DALLAS , Texas	19-419-0609
XEROX INTERNATIONAL JOINT MARKETING, INC	STAMFORD , Connecticut	78-895-7322
LEARNSOMETHING, INC.	TALLAHASSEE , Florida	80-200-9852
GLOBAL IMAGING SYSTEMS, INC.	TAMPA , Florida	84-985-2389
XEROX CORPORATION	EXTON , Pennsylvania	95-975-3682
SYMCOR INC.	ATLANTA , Georgia	60-219-8785
XEROX FEDERAL SOLUTIONS, LLC	FAIRFAX , Virginia	19-601-4372
XEROX INTERNATIONAL PARTNERS	PALO ALTO , California	93-199-3125
ACS COMMERCIAL SOLUTIONS, INC.	DALLAS , Texas	80-634-0100
XEROX FINANCIAL SERVICES LLC	NORWALK , Connecticut	96-367-6445
LATERAL DATA LP	HOUSTON , Texas	15-971-3366
XEROX STATE & LOCAL SOLUTIONS INC.	FAIRFAX , Virginia	07-864-4474

Company	City , State	D-U-N-S® NUMBER
XEROX HERITAGE, LLC	DALLAS , Texas	02-547-6568

Subsidiaries (International)

Company	City , Country	D-U-N-S® NUMBER
Xerox Canada Inc	North York , CANADA	20-178-6993
IMPIKA	AUBAGNE , FRANCE	26-747-0206
Xerox Maroc Sa	CASABLANCA , MOROCCO	36-471-4282
APMA	ANTANANARIVO , MADAGASCAR	36-671-4801
Xerox Investments Europe B.V.	Breukelen UT , NETHERLANDS	40-273-0217
Xhs Nigeria Limited	LAGOS , NIGERIA	49-943-6301
Xerox Israel Ltd.	Petah Tikva , ISRAEL	51-447-9260
Fuzhou Quanli Xerox Office Equipment Co., Ltd.	FUZHOU , CHINA	52-757-2816
FUJI XEROX ASIA PACIFIC PTE LTD	Ho Chi Minh , VIETNAM	55-527-4984
XEROX EMIRATES (L.L.C.) (BR)	DUBAI , UNITED ARAB EMIRATES	56-155-4416
XEROX EMIRATES (L.L.C) BR	DUBAI , UNITED ARAB EMIRATES	56-171-5868
MASERU BUSINESS MACHINES	, LESOTHO	63-838-2015
XEROX CORPORATION	LESOTHO , SOUTH AFRICA	63-850-0483
XEROX CORPORATION_BOTSWANA	GABERONE , BOTSWANA	63-850-0491
XEROX INDIA LIMITED	GURGAON , INDIA	65-069-0621
Xerox Mexicana, S.A. de C.V.	MEXICO CITY , MEXICO	81-000-9936
Xerox de Honduras S.A.	TEGUCIGALPA , HONDURAS	85-064-7793
Xerox de Nicaragua, S.A.	MANAGUA , NICARAGUA	85-244-1047
Xerox Antillana, N.V.	WILLEMSTAD , NETHERLANDS ANTILLES	85-543-3991
Professional Digital Services (Anguilla) Ltd	THE VALLEY , ANGUILLA	86-490-7472
Xerox Dominicana C por A	SANTO DOMINGO , DOMINICAN REPUBLIC	87-143-0567
Xerox (Jamaica) Ltd	Kingston 10 , JAMAICA	87-324-3877
Xerox Serviços e Participações Ltda	RIO DE JANEIRO , BRAZIL	90-131-0883
Xerox Modicorp Limited	NOIDA , INDIA	91-844-8531
Xerox del Peru S.A.	LIMA , PERU	93-400-1322

This list is limited to the first 25 subsidiaries.

Branches (Domestic)

Company	City , State	D-U-N-S® NUMBER
XEROX CORPORATION	WOODLAND HILLS , California	00-142-1663
XEROX CORPORATION	PINOLE , California	00-158-6192
XEROX CORPORATION	ABERDEEN , Washington	00-146-0919
XEROX CORPORATION	SLIDELL , Louisiana	00-207-6748
XEROX CORPORATION	WEBSTER , New York	00-221-1324
XEROX CORPORATION	ROCHESTER , New York	00-220-7488
XEROX CORPORATION	CHARLOTTE , North Carolina	00-295-3383
XEROX CORPORATION	FAIRPORT , New York	00-293-9601

Company	City , State	D-U-N-S® NUMBER
XEROX CORPORATION	CERRITOS , California	00-361-9678
XEROX CORPORATION	AUSTIN , Texas	00-507-4195
XEROX CORPORATION	CHARLOTTE , North Carolina	00-556-9140
XEROX CORPORATION	ALBUQUERQUE , New Mexico	00-733-2807
XEROX CORPORATION	CHARLESTON , West Virginia	00-849-6382
XEROX CORPORATION	FORT WAYNE , Indiana	00-919-4932
XEROX CORPORATION	CARNEGIE , Pennsylvania	00-952-3650
XEROX CORPORATION	WESTFORD , Massachusetts	00-941-0346
XEROX CORPORATION	MOUNT LAUREL , New Jersey	00-956-1858
XEROX CORPORATION	RIDGECREST , California	00-956-4373
XEROX CORPORATION	ONTARIO , California	01-177-4770
XEROX CORPORATION	WASHINGTON , District of Columbia	01-211-5312
XEROX CORPORATION	NEWARK , California	01-169-9480
XEROX CORPORATION	ATLANTA , Georgia	01-225-7361
XEROX CORPORATION	SACRAMENTO , California	01-827-8296
XEROX CORPORATION	CHICAGO , Illinois	01-792-1255
XEROX CORPORATION	OKLAHOMA CITY , Oklahoma	01-844-9764

This list is limited to the first 25 branches.
For the complete list, Please logon to DNBi and view the Dynamic Family Tree Information.

Branches (International)

Company	City , Country	D-U-N-S® NUMBER
G E S	TUNIS , TUNISIA	36-671-3803
XEROX KENYA (COMOROS)	NAIROBI , KENYA	36-671-3811
STATIONERY & OFFICE SUPPLIES TANZANIA LTD	DAR ES SALAAM , TANZANIA	36-671-3860
XEROX GUINEA	CONAKRY , GUINEA	36-671-3936
XEROSERVICES SARL	MAPUTO , MOZAMBIQUE	36-671-4744
LIFELINE COMMERCIAL AGENCIES	Arusha , TANZANIA	36-672-4198
ODYSSEY CO LTD	KHARTOUM , SUDAN	36-672-4255
XEROGRAPHICS	Limbe , MALAWI	36-672-4370
Xerox Corp. Beijing Rep. Office	BEIJING , CHINA	42-001-2098
Xerox Modicorp Limited	HYDERABAD , INDIA	86-238-4596
Xerox Modicorp Limited	MUMBAI , INDIA	86-238-4604
Xerox Modicorp Limited	AHMADABAD , INDIA	86-238-4609
Xerox Modicorp Limited	CHENNAI , INDIA	91-536-1554
Xerox Modicorp Limited	JAMNAGAR , INDIA	91-645-0328
Xerox Modicorp Limited	MUMBAI , INDIA	91-845-6856

Predictive Scores

Currency: Shown in USD unless otherwise indicated

D&B Viability Rating Summary

The D&B Viability Rating uses D&B's proprietary analytics to compare the most predictive business risk indicators and deliver a highly reliable assessment of the probability that a company will go out of business, become dormant/inactive, or file for bankruptcy within the next

12 months.

1	**Viability Score**	Lowest Risk:1 Highest Risk:9

Compared to All US Businesses within the D&B Database:

- Level of Risk: **Low Risk**
- Businesses ranked 1 have a probability of becoming no longer viable: **0.2 %**
- Percentage of businesses ranked 1: **0.3 %**
- Across all US businesses, the average probability of becoming no longer viable: **14 %**

3	**Portfolio Comparison**	Lowest Risk:1 Highest Risk:9

Compared to All US Businesses within the same MODEL SEGMENT:

- Model Segment : **Available Financial Data**
- Level of Risk: **Low Risk**
- Businesses ranked 3 within this model segment have a probability of becoming no longer viable: **0.2 %**
- Percentage of businesses ranked 3 with this model segment: **15 %**
- Within this model segment, the average probability of becoming no longer viable: **0.6 %**

A	**Data Depth Indicator**	Predictive Data:A Descriptive Data:G

Data Depth Indicator:

- ✓ Rich Firmographics
- ✓ Extensive Commercial Trading Activity
- ✓ Comprehensive Financial Attributes

		Financial Data	Trade Payments	Company Size	Years in Business
A	**Company Profile**	**Available**	Available (3+ Trade)	**Large**	**Established**

Company Profile Details:

- Financial Data: **Available**
- Trade Payments: **Available** (3+ Trade)
- Company Size: **Large** (Employees: 50+ or Sales: $500K+)
- Years in Business: **Established** (5+)

Credit Capacity Summary

This credit rating was assigned because of D&B's assessment of the company's creditworthiness. For more information, see the

D&B Rating Key

D&B Rating : **5A2**

Financial Strength: 5A indicates 50 million and over
Composite credit appraisal: 2 is good

Below is an overview of the companys rating history since 01-01-1991

D&B Rating	Date Applied
5A2	03-23-2012
5A3	03-24-2004
5A4	11-02-2002
--	04-05-2001
5A3	03-27-2001
5A2	01-11-2001
5A1	01-01-1991

Sales:	22,390,000,000.00
Number of Employees Total:	147,600 (475 here)

Worth:	12,180,000,000	(As of 30-Sep-13)
Working Capital:	$2,363,000,000	(As of 31-Dec-12)

Payment Activity:	**(based on 835 experiences)**
Average High Credit:	85,719
Highest Credit:	8,000,000
Total Highest Credit:	57,218,650

Note: The Worth amount in this section may have been adjusted by D&B to reflect typical deductions, such as certain intangible assets.

D&B Credit Limit Recommendation

Conservative credit Limit	1,000,000
Aggressive credit Limit:	1,000,000

Risk category for this business : **LOW**

The Credit Limit Recommendation (CLR) is intended to serve as a directional benchmark for all businesses within the same line of business or industry, and is not calculated based on any individual business. Thus, the CLR is intended to help guide the credit limit decision, and must be balanced in combination with other elements which reflect the individual company's size, financial strength, payment history, and credit worthiness, all of which can be derived from D&B reports.
Risk is assessed using D&Bs scoring methodology and is one factor used to create the recommended limits. See Help for details.

Financial Stress Class Summary

The Financial Stress Score predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganization or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&Bs extensive data files.
The Financial Stress Class of 3 for this company shows that firms with this class had a failure rate of 0.24% (24 per 10,000), which is lower than the average of businesses in D & B's database

Financial Stress Class : **3**

(Lowest Risk:1; Highest Risk:5)

Moderately lower than average risk of severe financial stress, such as a bankruptcy or going out of business with unpaid debt, over the next 12 months.

Probability of Failure:

Risk of Severe Financial Stress for Businesses with this Class: **0.24 %** (24 per 10,000)
Financial Stress National Percentile : **39** (Highest Risk: 1; Lowest Risk: 100)
Financial Stress Score : **1461** (Highest Risk: 1,001; Lowest Risk: 1,875)
Average Risk of Severe Financial Stress for Businesses in D&B database: **0.48 %** (48 per 10,000)

The Financial Stress Class of this business is based on the following factors:

Low proportion of satisfactory payment experiences to total payment experiences.
High proportion of slow payment experiences to total number of payment experiences.
High proportion of past due balances to total amount owing.
UCC Filings reported.
High number of inquiries to D & B over last 12 months.
Evidence of open liens and judgments

Notes:

The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
The Probability of Failure shows the percentage of firms in a given Class that discontinued operations over the past year with loss to creditors. The Probability of Failure - National Average represents the national failure rate and is provided for comparative purposes.
The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&Bs file.
The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.

Norms	National %
This Business	39
Region: NORTHEAST	48
Industry: MANUFACTURING	52
Employee range: 500+	61
Years in Business: 26+	77

This Business has a Financial Stress Percentile that shows:

- Higher risk than other companies in the same region.
- Higher risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Higher risk than other companies with a comparable number of years in business.

Credit Score Summary

The Commercial Credit Score (CCS) predicts the likelihood of a business paying its bills in a severely delinquent manner (91 days or more past terms), obtaining legal relief from its creditors or ceasing operations without paying all creditors in full over the next 12 months.
The Credit Score class of 4 for this company shows that 9.4% of firms with this class paid one or more bills severely delinquent, which is lower than the average of businesses in D & B's database.

Credit Score Class : 4

Lowest Risk:1;Highest Risk :5

Incidence of Delinquent Payment

Among Companies with this Classification: **9.40 %**
Average compared to businesses in D&Bs database: **10.20 %**
Credit Score Percentile : **13** (Highest Risk: 1; Lowest Risk: 100)
Credit Score : **461** (Highest Risk: 101; Lowest Risk:670)

The Credit Score Class of this business is based on the following factors:

Proportion of past due balances to total amount owing
Proportion of slow payments in recent months
Higher risk industry based on delinquency rates for this industry
Increase in proportion of delinquent payments in recent payment experiences

Financial ratios
Evidence of open suits, liens, and judgments

Notes:

The Commercial Credit Score Risk Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience severe delinquency.
The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 91 days past due or more by creditors. The calculation of this value is based on D&B's trade payment database.
The Commercial Credit Score percentile reflects the relative ranking of a firm among all scorable companies in D&B's file.
The Commercial Credit Score offers a more precise measure of the level of risk than the Risk Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.

Norms	National %
This Business	13
Region: NORTHEAST	62
Industry: MANUFACTURING	62
Employee range:	UN
Years in Business: 26+	85

This business has a Credit Score Percentile that shows:

- Higher risk than other companies in the same region.
- Higher risk than other companies in the same industry.
- Higher risk than other companies with a comparable number of years in business.

Trade Payments

Currency: Shown in USD unless otherwise indicated

D&B PAYDEX®

The D&B PAYDEX is a unique, weighted indicator of payment performance based on payment experiences as reported to D&B by trader references. Learn more about the D&B PAYDEX

Timeliness of historical payments for this company.

Current PAYDEX is	**70**	Equal to 15 days beyond terms (Pays more slowly than the average for its industry of 8 days beyond terms)
Industry Median is	**75**	Equal to 8 days beyond terms
Payment Trend currently is		Unchanged, compared to payments three months ago

Indications of slowness can be the result of dispute over merchandise, skipped invoices etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Total payment Experiences in D&Bs File (HQ)	835
Payments Within Terms (not weighted)	67 %
Trade Experiences with Slow or Negative Payments(%)	38.68%
Total Placed For Collection	0
High Credit Average	85,719
Largest High Credit	8,000,000
Highest Now Owing	5,000,000
Highest Past Due	4,000,000

D&B PAYDEX® : 70

(Lowest Risk:100; Highest Risk:1)

When weighted by amount, payments to suppliers average 15 days beyond terms

3-Month D&B PAYDEX® : 68

(Lowest Risk:100; Highest Risk:1)

Based on payments collected over last 3 months.

When weighted by amount, payments to suppliers average 17 days beyond terms

D&B PAYDEX® Comparison

Current Year

PAYDEX® of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Business process outsourcing, mfg & svc computer peripheral equip & copiers, distributes paper & finance leasing of copiers , based on SIC code 3577 .

Shows the trend in D&B PAYDEX scoring over the past 12 months.

	2/13	3/13	4/13	5/13	6/13	7/13	8/13	9/13	10/13	11/13	12/13	1/14
This Business	71	71	70	70	73	71	70	70	70	69	69	70
Industry Quartiles												
Upper	.	79	.	.	79	.	.	79	.	.	79	.
Median	.	75	.	.	75	.	.	75	.	.	75	.
Lower	.	69	.	.	70	.	.	69	.	.	69	.

Current PAYDEX for this Business is 70 , or equal to 15 days beyond terms
The 12-month high is 73 , or equal to 11 DAYS BEYOND terms
The 12-month low is 69 , or equal to 16 DAYS BEYOND terms

Previous Year

Shows PAYDEX of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Business process outsourcing, mfg & svc computer peripheral equip & copiers, distributes paper & finance leasing of copiers , based on SIC code 3577 .

Previous Year	**03/12 Q1'12**	**06/12 Q2'12**	**09/12 Q3'12**	**12/12 Q4'12**
This Business	73	73	72	70
Industry Quartiles				
Upper	79	79	79	79
Median	74	74	75	75
Lower	68	68	69	69

Based on payments collected over the last 4 quarters.
Current PAYDEX for this Business is 70 , or equal to 15 days beyond terms
The present industry median Score is 75 , or equal to 8 days beyond terms
Industry upper quartile represents the performance of the payers in the 75th percentile
Industry lower quartile represents the performance of the payers in the 25th percentile

Payment Habits

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within terms. Provides number of experiences to calculate the percentage, and the total credit value of the credit extended.

$ Credit Extended	# Payment Experiences	Total Amount	% of Payments Within Terms

Over 100,000	81	50,250,000	57%
50,000-100,000	45	3,005,000	55%
15,000-49,999	108	2,785,000	67%
5,000-14,999	118	750,000	71%
1,000-4,999	127	247,000	66%
Under 1,000	187	52,450	70%

Based on payments collected over last 24 months.

All Payment experiences reflect how bills are paid in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Payment Summary

- There are 835 payment experience(s) in D&Bs file for the most recent 24 months, with 416 experience(s) reported during the last three month period.
- The highest Now Owes on file is 5,000,000 . The highest Past Due on file is 4,000,000

Below is an overview of the companys currency-weighted payments, segmented by its suppliers primary industries:

	Total Revd (#)	Total Amts	Largest High Credit	Within Terms (%)	Days Slow <31 31-60 61-90 90> (%) (%)			
Top Industries								
Public finance	130	2,945,300	700,000	100	0	0	0	0
Nonclassified	46	9,585,000	8,000,000	9	89	0	0	2
Executive office	33	164,400	35,000	100	0	0	0	0
Electric services	25	7,500	2,500	89	2	7	2	0
Arrange cargo transpt	21	940,650	300,000	70	25	2	3	0
Misc business credit	19	2,670,500	2,000,000	53	3	42	2	0
Telephone communictns	19	2,559,950	900,000	98	2	0	0	0
Trucking non-local	17	2,055,250	750,000	9	79	12	0	0
Whol electronic parts	16	125,750	75,000	16	44	38	0	2
Misc business service	13	7,054,100	7,000,000	100	0	0	0	0
Whol electrical equip	13	674,350	250,000	31	32	37	0	0
Whol industrial suppl	13	54,550	15,000	67	21	9	1	2
Whol computers/softwr	12	1,253,900	800,000	93	7	0	0	0
Detective/guard svcs	11	930,300	600,000	5	54	41	0	0
Whol office supplies	10	900,300	800,000	95	2	0	2	1
Whol service paper	10	768,250	400,000	51	48	1	0	0
Whol industrial equip	10	32,600	15,000	26	13	34	25	2
Short-trm busn credit	9	1,288,500	1,000,000	98	1	0	1	0
Whol misc profsn eqpt	9	98,100	35,000	49	43	0	8	0
Mfg computers	8	4,095,000	2,000,000	38	25	37	0	0
Whol metal	7	865,000	800,000	93	1	3	0	3
Whol office equipment	7	1,216,500	700,000	59	33	8	0	0
Whol petroleum prdts	7	65,650	55,000	90	6	4	0	0
Mfg process controls	7	72,500	40,000	66	5	29	0	0
Paper mill	6	2,550,000	2,000,000	55	44	0	1	0
Help supply service	6	1,297,500	1,000,000	3	89	0	0	8
Radiotelephone commun	6	2,210,000	1,000,000	100	0	0	0	0
Gravure printing	6	345,000	200,000	46	31	5	0	18
Mfg organic chemicals	6	287,600	80,000	41	59	0	0	0
Whol chemicals	6	81,050	65,000	40	9	50	0	1

Whol general grocery	6	55,500	25,000	99	0	0	1	0
Mfg photograph equip	6	13,000	5,000	65	4	27	0	4
Mfg misc office eqpt	5	581,000	300,000	0	60	33	0	7
Mfg railroad equip	5	96,750	50,000	1	0	99	0	0
Mfg male work clothes	5	4,650	2,500	25	11	37	0	27
Prepackaged software	4	610,000	300,000	82	15	3	0	0
Mfg refrig/heat equip	4	265,000	200,000	88	9	3	0	0
Mfg relays/controls	4	55,500	20,000	64	18	18	0	0
Misc equipment rental	4	4,250	2,500	41	3	56	0	0
Mfg medical instrmnt	3	807,500	800,000	99	1	0	0	0
Employment agency	3	565,000	500,000	96	0	0	4	0
Data processing svcs	3	300,100	300,000	0	100	0	0	0
Mfg hardware	3	81,500	80,000	51	0	49	0	0
Mfg plastics/resins	3	160,000	60,000	50	14	17	0	19
Police protection	3	61,000	55,000	100	0	0	0	0
Computer system desgn	3	92,500	50,000	43	54	0	3	0
Mfg public bldg furn	3	62,500	45,000	62	0	36	2	0
Personal credit	3	15,300	15,000	100	0	0	0	0
Whol plumb/hydronics	3	22,750	15,000	49	18	33	0	0
Truck rental/leasing	3	4,250	2,500	39	32	29	0	0
Newspaper-print/publ	3	3,500	2,500	29	0	71	0	0
Mortgage banker	3	5,250	2,500	100	0	0	0	0
Whol durable goods	3	400	250	100	0	0	0	0
Ret mail-order house	3	300	100	17	66	0	0	17
Natnl commercial bank	2	1,010,000	1,000,000	1	49	0	0	50
Mfg manifold forms	2	407,500	400,000	49	1	0	49	1
Lcl truck-w/o storage	2	300,100	300,000	100	0	0	0	0
State commercial bank	2	400,000	300,000	62	0	38	0	0
Mfg blowers/fans	2	200,050	200,000	100	0	0	0	0
Business consulting	2	95,100	95,000	100	0	0	0	0
Air courier service	2	160,000	90,000	100	0	0	0	0
Photocopying service	2	60,100	60,000	100	0	0	0	0
Mfg industrial valves	2	50,000	25,000	25	0	25	50	0
Custom programming	2	21,000	20,000	95	0	0	0	5
Mfg cleaning products	2	25,000	20,000	50	50	0	0	0
Mfg fluid meters	2	8,250	7,500	9	91	0	0	0
Airport/airport svcs	2	12,500	7,500	30	20	0	30	20
Mfg elevator/escaltrs	2	10,000	5,000	50	0	25	25	0
Whol furniture	2	2,750	2,500	100	0	0	0	0
Mfg pumping equipment	2	2,750	2,500	0	91	0	0	9
Misc publishing	2	100	50	50	0	0	0	50
Lithographic printing	2	100	50	100	0	0	0	0
Mfg misc elect. equip	2	0	0	0	0	0	0	0
Physical research	1	1,000,000	1,000,000	100	0	0	0	0
Mfg print circuit brd	1	1,000,000	1,000,000	50	50	0	0	0
Mfg elect. components	1	250,000	250,000	50	50	0	0	0
Mfg computer storage	1	250,000	250,000	50	50	0	0	0
Mfg recording media	1	100,000	100,000	0	100	0	0	0
Mfg motors/generators	1	100,000	100,000	0	0	100	0	0
Mfg surgical supplies	1	55,000	55,000	0	0	0	100	0
Mfg computer terminal	1	55,000	55,000	50	0	0	50	0
Mfg general machinery	1	50,000	50,000	100	0	0	0	0
Mfg industrial gases	1	40,000	40,000	50	50	0	0	0

Nonphysical research	1	35,000	35,000	100	0	0	0	0
Mfg misc plastic prdt	1	30,000	30,000	50	50	0	0	0
Paperboard mill	1	30,000	30,000	100	0	0	0	0
Passenger car rental	1	30,000	30,000	0	0	0	0	100
Lawn/garden services	1	30,000	30,000	0	50	50	0	0
Mfg alarm/signal dvcs	1	25,000	25,000	50	0	50	0	0
Ret auto supplies	1	15,000	15,000	100	0	0	0	0
Mfg fluid power pumps	1	15,000	15,000	50	0	50	0	0
Mfg paint/allied prdt	1	15,000	15,000	100	0	0	0	0
Whol plastic material	1	15,000	15,000	0	100	0	0	0
Mfg analytic instrmnt	1	10,000	10,000	100	0	0	0	0
Mfg envelopes	1	10,000	10,000	0	50	0	50	0
Mfg guidance equip	1	7,500	7,500	100	0	0	0	0
Gas production/distrb	1	7,500	7,500	100	0	0	0	0
Mfg lab apparatus	1	7,500	7,500	50	50	0	0	0
Engineering services	1	7,500	7,500	0	0	0	100	0
Mfg abrasive products	1	7,500	7,500	0	100	0	0	0
Whol nondurable goods	1	5,000	5,000	0	50	50	0	0
Mfg electric test prd	1	5,000	5,000	0	0	0	100	0
Mfg valve/pipe fittng	1	5,000	5,000	50	50	0	0	0
Management consulting	1	5,000	5,000	100	0	0	0	0
Mfg comp peripherals	1	5,000	5,000	100	0	0	0	0
Mfg elect. connectors	1	5,000	5,000	0	0	100	0	0
Holding company	1	5,000	5,000	100	0	0	0	0
Whol medical equip	1	2,500	2,500	100	0	0	0	0
Whol heating/ac equip	1	2,500	2,500	0	100	0	0	0
Business association	1	2,500	2,500	100	0	0	0	0
Local truck w/storage	1	2,500	2,500	50	0	50	0	0
Mfg porcelain elec pr	1	2,500	2,500	100	0	0	0	0
Refuse system	1	2,500	2,500	0	0	50	0	50
Whol hardware	1	2,500	2,500	50	0	50	0	0
Mfg switchgear-boards	1	2,500	2,500	50	50	0	0	0
Whol piece goods	1	1,000	1,000	0	100	0	0	0
Scheduled air trans	1	1,000	1,000	100	0	0	0	0
Domestic sea transprt	1	750	750	0	0	100	0	0
Mfg hand/edge tools	1	750	750	100	0	0	0	0
Mfg roasted coffee	1	750	750	50	50	0	0	0
Reg misc coml sector	1	750	750	100	0	0	0	0
Periodical-print/publ	1	500	500	0	0	100	0	0
Information retrieval	1	500	500	50	0	50	0	0
Mfg plastic sheet/flm	1	500	500	100	0	0	0	0
Mfg printing ink	1	500	500	100	0	0	0	0
Nondeposit trust	1	250	250	100	0	0	0	0
Hotel/motel operation	1	250	250	100	0	0	0	0
Gas service station	1	250	250	100	0	0	0	0
Investment advice	1	250	250	50	0	0	50	0
Mfg soap/detergents	1	250	250	0	0	100	0	0
Ret books	1	250	250	50	50	0	0	0
Transmission repair	1	250	250	50	50	0	0	0
Mfg cookies/crackers	1	250	250	100	0	0	0	0
Mfg lubricating oils	1	50	50	0	0	0	0	100
Mfg bolt/screw/rivets	1	50	50	100	0	0	0	0
Whol printing paper	1	0	0	0	0	0	0	0

Other payment categories			
Cash experiences	110	83,450	45,000
Payment record unknown	11	33,550	20,000
Unfavorable comments	17	12,200	2,500
Placed for collections	0	N/A	0
Total in D&B's file	835	57,218,650	8,000,000

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Indications of slowness can be result of dispute over merchandise, skipped invoices etc.

Detailed payment history for this company

Date Reported (mm/yy)	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last Sale Within (month)
01/14	Ppt	800,000	800,000	70,000		1 mo
	Ppt	300,000	300,000	0		1 mo
	Ppt	300,000	25,000	7,500	N30	1 mo
	Ppt	30,000	0	0		6-12 mos
	Ppt	20,000	0	0		6-12 mos
	Ppt	15,000	0	0		6-12 mos
	Ppt	10,000	0	0		6-12 mos
	Ppt	10,000	10,000	0		1 mo
	Ppt	7,500	0	0		2-3 mos
	Ppt	5,000	0	0		6-12 mos
	Ppt	2,500	0	0		4-5 mos
	Ppt	1,000	500	0	N30	1 mo
	Ppt	1,000	0	0		6-12 mos
	Ppt	250	0	0	N30	6-12 mos
	Ppt	50	0	0		6-12 mos
	Ppt-Slow 30	200,000	750	0		1 mo
	Ppt-Slow 30	15,000	5,000	5,000		2-3 mos
	Ppt-Slow 30	7,500	0	0		6-12 mos
	Ppt-Slow 30	2,500	0	0		1 mo
	Ppt-Slow 60	250	250	250		2-3 mos
	Ppt-Slow 90	100	100	0		1 mo
	Ppt-Slow 90+	35,000	500	500		2-3 mos
	Slow 10	40,000	7,500	2,500	N30	1 mo
	Slow 10-30	300,000	100,000	15,000	N30	1 mo
	Slow 30	60,000	0	0		6-12 mos
	Slow 60	2,500	0	0		6-12 mos
	Slow 60	1,000	0	0		6-12 mos
	Slow 30-60	250	0	0		6-12 mos
	Slow 30-90	2,500	2,500	2,500		2-3 mos
	Slow 60-90+	35,000	0	0		2-3 mos
12/13	Ppt	90,000	80,000	0		1 mo
	Ppt	55,000	1,000	0		1 mo
	Ppt	25,000	15,000	0		1 mo
	Ppt	25,000	10,000	50		1 mo

Ppt	7,500	5,000	0		1 mo
Ppt	5,000	0	0	N30	2-3 mos
Ppt	5,000	0	0		6-12 mos
Ppt	5,000	250	0		1 mo
Ppt	2,500	2,500	0	N30	1 mo
Ppt	2,500	2,500	0		1 mo
Ppt	2,500	0	0		1 mo
Ppt	2,500	250	0		1 mo
Ppt	1,000	0	0		2-3 mos
Ppt	1,000	0	0		4-5 mos
Ppt	750	0	0		1 mo
Ppt	500	0	0		6-12 mos
Ppt	250	50	0		1 mo
Ppt	250	0	0		6-12 mos
Ppt	250	50	0		1 mo
Ppt	100	0	0		6-12 mos
Ppt	50	50	0		1 mo
Ppt	50	50	0		1 mo
Ppt	50				1 mo
Ppt	50	0	0		6-12 mos
Ppt	50	50	0		1 mo
Ppt	50				1 mo
Ppt	50	0	0	N30	4-5 mos
Ppt	50	50	0		1 mo
Ppt	0	0	0		4-5 mos
Ppt	0	0	0		1 mo
Ppt-Slow 15	5,000	2,500	1,000	N60	1 mo
Ppt-Slow 30	65,000	35,000	500		1 mo
Ppt-Slow 30	30,000	5,000	5,000		1 mo
Ppt-Slow 30	25,000	0	0		6-12 mos
Ppt-Slow 30	2,500	0	0		6-12 mos
Ppt-Slow 60	1,000	1,000	500		1 mo
Ppt-Slow 60	100	0	0		6-12 mos
Ppt-Slow 90	7,500	0	0		6-12 mos
Slow 10	15,000	0		N30	6-12 mos
Slow 30	2,500	0	0	N30	6-12 mos
Slow 30	2,500	0	0		6-12 mos
Slow 30-60	5,000	0	0		6-12 mos
Slow 30-120	7,500	7,500	7,500	N30	1 mo
Slow 150	2,500	2,500	2,500		
Slow 30-150	100	100	0	N30	1 mo
(076) Unsatisfactory .	250	250	250		
(077) Cash own option .	100	100	0		1 mo
(078) Cash own option .	0	0			1 mo
(079)	0			Sales COD	6-12 mos
(080) Cash own option .	0	0			1 mo

Payments Detail Key: red - 30 or more days beyond terms

Payment experiences reflect how bills are paid in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices, etc. Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

Public Filings

Currency: Shown in USD unless otherwise indicated

Summary

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	# of Records	Most Recent Filing Date
Bankruptcy Proceedings	0	-
Judgments	2	11/05/08
Liens	12	06/02/10
Suits	25	11/13/13
UCCs	1465	12/05/13

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

Judgments

Status	**Unsatisfied**
DOCKET NO.	SC00171208
Judgment type	Judgment
Against	XEROX CORP, WOODBRIDGE, NJ
In favor of	BEMISS JRJAMES
Where filed	MIDDLESEX COUNTY SPECIAL CIVIL/SMALL CLAIMS COURT, EDISON, NJ
Date status attained	11/05/08
Date entered	11/05/08
Latest Info Received	11/14/08

Status	**Unsatisfied**
DOCKET NO.	2003CV00450
Judgment type	Judgment
Against	XEROX CORP
In favor of	BEVERLY MUMAW
Where filed	TRUMBULL COUNTY COMMON PLEAS COURT, WARREN, OH
Date status attained	09/08/04
Date entered	09/08/04
Latest Info Received	12/21/04

Liens

A lien holder can file the same lien in more than one filing location. The appearance of multiple liens filed by the same lien holder against a debtor may be indicative of such an occurrence.

Amount	**250**
Status	**Open**
FILING NO.	2755940

Type	Local Tax
Filed By	TOWN OF GROTON
Against	XEROX CORP, ROCHESTER, NY
Where Filed	UCC COMMERCIAL RECORDING DIVISION, HARTFORD, CT
Date Status Attained	06/02/10
Date Filed	06/02/10
Latest Info Received	09/03/12

Amount	**10,114**
Status	**Open**
FILING NO.	2755942
Type	Local Tax
Filed By	TOWN OF GROTON
Against	XEROX CORP, ROCHESTER, NY
Where Filed	UCC COMMERCIAL RECORDING DIVISION, HARTFORD, CT
Date Status Attained	06/02/10
Date Filed	06/02/10
Latest Info Received	09/03/12

Amount	**639**
Status	**Open**
FILING NO.	2755944
Type	Local Tax
Filed By	TOWN OF GROTON
Against	XEROX CORP, ROCHESTER, NY
Where Filed	UCC COMMERCIAL RECORDING DIVISION, HARTFORD, CT
Date Status Attained	06/02/10
Date Filed	06/02/10
Latest Info Received	09/03/12

Amount	**152**
Status	**Open**
FILING NO.	2755945
Type	Local Tax
Filed By	TOWN OF GROTON
Against	XEROX CORPORATION, ROCHESTER, NY
Where Filed	UCC COMMERCIAL RECORDING DIVISION, HARTFORD, CT
Date Status Attained	06/02/10
Date Filed	06/02/10
Latest Info Received	09/03/12

Amount	**5,116**
Status	**Open**

DOCKET NO.	DJ 113770 10
Type	State Tax
Filed By	DIV OF EMPLOYER ACCOUNTS
Against	XEROX CORPORATION, ROCHESTER, NY
Where Filed	SUPERIOR COURT OF NEW JERSEY, TRENTON, NJ
Date Status Attained	04/28/10
Date Filed	04/28/10
Latest Info Received	05/02/10

Amount	**12,809**
Status	**Open**
DOCKET NO.	DJ 188753 09
Type	State Tax
Filed By	DIV OF EMPLOYER ACCOUNTS
Against	XEROX CORPORATION, ROCHESTER, NY
Where Filed	SUPERIOR COURT OF NEW JERSEY, TRENTON, NJ
Date Status Attained	08/12/09
Date Filed	08/12/09
Latest Info Received	08/30/09

Amount	**127**
Status	**Open**
FILING NO.	2698745
Type	Local Tax
Filed By	TOWN OF GROTON
Against	XEROX CORP, ROCHESTER, NY
Where Filed	UCC COMMERCIAL RECORDING DIVISION, HARTFORD, CT
Date Status Attained	06/04/09
Date Filed	06/04/09
Latest Info Received	08/29/12

Amount	**552**
Status	**Open**
FILING NO.	2698749
Type	Local Tax
Filed By	TOWN OF GROTON
Against	XEROX CORP, ROCHESTER, NY
Where Filed	UCC COMMERCIAL RECORDING DIVISION, HARTFORD, CT
Date Status Attained	06/04/09
Date Filed	06/04/09
Latest Info Received	08/29/12

Amount	**113**

Status	**Open**
FILING NO.	2698751
Type	Local Tax
Filed By	TOWN OF GROTON
Against	XEROX CORP, ROCHESTER, NY
Where Filed	UCC COMMERCIAL RECORDING DIVISION, HARTFORD, CT
Date Status Attained	06/04/09
Date Filed	06/04/09
Latest Info Received	08/29/12

Amount	**32**
Status	**Open**
FILING NO.	2698752
Type	Local Tax
Filed By	TOWN OF GROTON
Against	XEROX CORPORATION, ROCHESTER, NY
Where Filed	UCC COMMERCIAL RECORDING DIVISION, HARTFORD, CT
Date Status Attained	06/04/09
Date Filed	06/04/09
Latest Info Received	08/29/12

Suits

Suit Amount	**100**
Status	**Pending**
CASE NO.	2013687551CJC
Plaintiff	MARK WILSON
Defendant	XEROX CORPORATION
Where filed	ORANGE COUNTY SMALL CLAIMS COURT/SANTA ANA, SANTA ANA, CA
Date status attained	11/13/13
Date filed	11/13/13
Latest Info Received	12/03/13

Suit Amount	**IN EXCESS OF 2500**
Status	**Pending**
CASE NO.	RSC18744
Plaintiff	EL DORADO HOLDING CO.
Defendant	XEROX CORP.
Where filed	PLACER COUNTY SMALL CLAIMS, AUBURN, CA
Date status attained	07/18/12
Date filed	07/18/12
Latest Info Received	07/27/12

Status	**Pending**
CASE NO.	2011CV000707
Plaintiff	CORE PRODUCTS INTERNATIONAL INC, OSCEOLA, WI
Defendant	XEROX CORPORATION, ROCHESTER, NY
Cause	OTHER-CONTRACT
Where filed	POLK COUNTY CIRCUIT COURT, BALSAM LAKE, WI
Date status attained	10/27/11
Date filed	10/27/11
Latest Info Received	12/01/11

Status	**Dismissed**
DOCKET NO.	11CV011699
Plaintiff	ROCKETT JEFFREY H
Defendant	XEROX CORP AND OTHERS
Where filed	FRANKLIN COUNTY COMMON PLEAS COURT, COLUMBUS, OH
Date status attained	11/15/12
Date filed	09/19/11
Latest Info Received	05/30/13

Status	**Pending**
CASE NO.	2011CV001020
Defendant	XEROX CORPORATION, ROCHESTER, NY AND OTHERS
Cause	PERSONAL INJURY/AUTOMOBILE
Where filed	MILWAUKEE COUNTY CIRCUIT COURT, MILWAUKEE, WI
Date status attained	01/20/11
Date filed	01/20/11
Latest Info Received	10/11/11

Status	**Pending**
CASE NO.	10CV09419
Plaintiff	EVOLV SOLUTIONS INC
Defendant	XEROX CORPORATION
Where filed	JOHNSON COUNTY DISTRICT COURT, OLATHE, KS
Date status attained	10/20/10
Date filed	10/20/10
Latest Info Received	01/11/11

Suit Amount	**5,000**
Status	**Pending**
CASE NO.	20079588HNB
Plaintiff	DIMENSION FUNDING LLC

Defendant	XEROX CORPORATION, STAMFORD, CT AND OTHERS
Where filed	ORANGE COUNTY SMALL CLAIMS COURT/NEWPORT BEACH, NEWPORT BEACH, CA
Date status attained	04/23/07
Date filed	04/23/07
Latest Info Received	01/09/09

Status	**Pending**
DOCKET NO.	DC-001844-2007
Plaintiff	SOSH ARCHITECTS
Defendant	XEROX CORPORATION
Cause	CONTRC-REG
Where filed	ATLANTIC COUNTY SPECIAL CIVIL COURT/SMALL CLAIMS COURT, MAYS LANDING, NJ
Date status attained	02/15/07
Date filed	02/15/07
Latest Info Received	03/05/07

Status	**Pending**
DOCKET NO.	06CI08841
Plaintiff	06CI08841
Defendant	XEROX CORPORATION AND OTHERS
Where filed	JEFFERSON COUNTY CIRCUIT COURT, LOUISVILLE, KY
Date status attained	10/05/06
Date filed	10/05/06
Latest Info Received	11/06/06

Status	**Pending**
DOCKET NO.	06CV6266
Plaintiff	HECTOR MALDONADO
Defendant	XEROX CORP AND OTHERS
Where filed	NEW YORK COUNTY SUPREME COURT, NEW YORK, NY
Date status attained	08/17/06
Date filed	08/17/06
Latest Info Received	10/06/06

If it is indicated that there are defendants other than the report subject, the lawsuit may be an action to clear title to property and does not necessarily imply a claim for money against the subject.

UCC Filings

Collateral	All Assets
Type	Original
Sec. Party	BANCO POPULAR NORTH AMERICA, CHICAGO, IL THE WALDEN ASSET GROUP, INC., WELLESLEY, MA

Debtor	XEROX CORPORATION, TOWSON, MD
Filing No.	0603025208958
Filed With	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date Filed	2006-03-02
Latest Info Received	03/28/06

Collateral	All Assets
Type	Original
Sec. Party	BANCO POPULAR NORTH AMERICA, CHICAGO, IL THE WALDEN ASSET GROUP, INC., WELLESLEY, MA
Debtor	XEROX CORPORATION, TOWSON, MD
Filing No.	0603025208946
Filed With	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date Filed	2006-03-02
Latest Info Received	03/28/06

Collateral	All Assets
Type	Original
Sec. Party	BANCO POPULAR NORTH AMERICA, CHICAGO, IL THE WALDEN ASSET GROUP, INC., WELLESLEY, MA
Debtor	XEROX CORPORATION, TOWSON, MD
Filing No.	0603025208934
Filed With	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date Filed	2006-03-02
Latest Info Received	03/28/06

Collateral	All Assets
Type	Original
Sec. Party	BANCO POPULAR NORTH AMERICA, CHICAGO, IL THE WALDEN ASSET GROUP, INC., WELLESLEY, MA
Debtor	XEROX CORPORATION, TOWSON, MD
Filing No.	0603025208922
Filed With	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date Filed	2006-03-02
Latest Info Received	03/28/06

Collateral	All Assets
Type	Original

Sec. Party	BANCO POPULAR NORTH AMERICA, CHICAGO, IL THE WALDEN ASSET GROUP, INC., WELLESLEY, MA
Debtor	XEROX CORPORATION, TOWSON, MD
Filing No.	0603025208910
Filed With	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date Filed	2006-03-02
Latest Info Received	03/28/06

Collateral	Negotiable instruments and proceeds - Account(s) and proceeds - Assets and proceeds - Computer equipment and proceeds - and OTHERS
Type	Original
Sec. Party	BANK OF AMERICA, N.A., CHARLOTTE, NC XEROX LEASE RECEIVABLES 2013-1 LLC, NORWALK, CT
Debtor	XEROX CORPORATION
Filing No.	1309130523963
Filed With	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date Filed	2013-09-13
Latest Info Received	09/21/13

Collateral	Negotiable instruments and proceeds - Assets and proceeds - Account(s) and proceeds - Computer equipment and proceeds - and OTHERS
Type	Original
Sec. Party	BANK OF AMERICA, N.A., CHARLOTTE, NC XEROX LEASE RECEIVABLES 2012-2 LLC, NORWALK, CT
Debtor	XEROX CORPORATION
Filing No.	1212140693426
Filed With	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date Filed	2012-12-14
Latest Info Received	12/22/12

Collateral	Negotiable instruments and proceeds - Assets and proceeds - Account(s) and proceeds - Computer equipment and proceeds - and OTHERS
Type	Original
Sec. Party	BANK OF AMERICA, N.A., CHARLOTTE, NC
Debtor	XEROX LEASE RECEIVABLES I, LLC
Filing No.	2012 3765825
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2012-10-01
Latest Info Received	10/25/12

Collateral	Negotiable instruments and proceeds - Assets and proceeds - Account(s) and proceeds - Computer equipment and proceeds - and OTHERS
Type	Original
Sec. Party	BANK OF AMERICA, N.A., CHARLOTTE, NC XEROX LEASE RECEIVABLES I LLC, NORWALK, CT
Debtor	XEROX CORPORATION
Filing No.	1210010557150
Filed With	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date Filed	2012-10-01
Latest Info Received	10/09/12

Collateral	Negotiable instruments and proceeds - Account(s) and proceeds - Assets and proceeds - Computer equipment and proceeds - and OTHERS
Type	Original
Sec. Party	XEROX TRADE RECEIVABLES LLC, STAMFORD, CT
Debtor	XEROX CORPORATION
Filing No.	0407090712873
Filed With	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date Filed	2004-07-09
Latest Info Received	07/15/04

There are additional UCCs in D&Bs file on this company available by contacting 1-800-234-3867.
There may be additional suits, liens, or judgments in D&B's file on this company available in the U.S. Public Records Database, also covered under your PPP for D&Bi contract. If you would like more information on this database, please contact the Customer Resource Center at 1-800-234-3867.

Government Activity

Activity summary

Borrower (Dir/Guar)	NO
Administrative Debt	NO
Contractor	YES
Grantee	NO
Party excluded from federal program(s)	NO

Possible candidate for socio-economic program consideration

Labour Surplus Area	N/A
Small Business	N/A
8(A) firm	N/A

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

Special Events

Currency: Shown in USD unless otherwise indicated

Special Events

01/03/2014 -**SALE OF ASSET :**

According to published reports, 3D Systems, DUNS 860149681, (Rock Hill, SC) announced that it completed the acquisition of Xerox's, DUNS 049591852, (Norwalk, CT) solid ink engineering and development teams and state of the art development labs and relevant patent portfolio for $32.5 million in cash.

12/26/2013 -**ANNOUNCED MERGER/ACQUISITION :**

According to published reports, Xerox, DUNS 049591852, (Norwalk, CT), announced an agreement to acquire Invoco Holding GmbH. The transaction is expected to close following the completion of customary closing conditions.

12/19/2013 -**ANNOUNCED SALE OF ASSET :**

According to published reports, 3D Systems, DUNS 860149681, (Rock Hill, SC) and Xerox, DUNS 049591852, (Norwalk, CT), announced that 3D Systems entered into a definitive agreement to acquire Xerox Corporation's Wilsonville, Oregon product design, engineering and chemistry group and related assets for $32.5 million in cash. Both companies expect the transaction to close before the end of 2013, subject to fulfillment of certain customary conditions.

History & Operations

Currency: Shown in USD unless otherwise indicated

Company Overview

Company Name:	XEROX CORPORATION
Doing Business As :	XEROX
Street Address:	45 Glover Ave Norwalk , CT 06856
Mailing Address:	PO Box 4505 Norwalk CT 06856
Phone:	800 275-9376
Fax:	203-968-3917
URL:	http://www.xerox.com
Stock Symbol:	XRX
History	Is clear
Present management control	108 years
Annual Sales	22,390,000,000

History

The following information was reported: **01/08/2014**

Officer(s):	URSULA M BURNS, CHB-CEO+ KATHRYN A MIKELLS, EXEC V PRES-CFO DON H LIU, SR V PRES-GEN COUNSEL-SEC LYNN R BLODGETT, EXEC V PRES-PRES SVC BUSINESS GARY R KABURECK, V PRES-CAO
DIRECTOR(S) :	The officers identified by (+) and Glenn A Britt, Richard J Harrington, William Curt Hunter, Robert J Keegan, Robert A McDonald, Charles Prince, Ann N Reese, Sara Martinez Tucker and Mary Agnes Wilderotter.

The company was incorporated in the State of New York on April 18, 1906.

Business started 1906.

This is a publicly owned company whose common shares are traded on the New York Stock Exchange and Chicago Stock Exchange under the symbol "XRX ". As of December 31, 2011, the beneficial owners of 5% or more of the common stock : Dodge & Cox (7.8%); Franklin Mutual Advisers, LLC (6.4%); State Street Corporation, as Trustee under other plans and accounts State Street Financial Center (6.0%); BlackRock, Inc (5.6%) and Darwin Deason (5.5%). As of February 29, 2012, the officers and directors as a group beneficially owned less than 1% of the common stock.

RECENT EVENTS :
On January 8, 2014, sources stated that 3D Systems Corporation, Rock Hill, SC, has completed the acquisition of solid ink engineering and development teams and state of the art development labs and relevant patent portfolio of Xerox Corporation, Norwalk, CT, for $32.5 million in cash, on January 2, 2014. Further details are unavailable.

On October 15, 2013, sources stated that OTC Systems Ltd., London, Canada, has acquired the Automated Packaging Solution for iGen4 of Xerox Corporation, Norwalk, CT, on September 10, 2013. Terms of the transaction were not disclosed. Further details are unavailable.

On September 26, 2013, an inside source confirmed that Xerox Corporation, Norwalk, CT, has completed the acquisition of LearnSomething, Inc., Tallahassee, FL, on June 5, 2013. With this acquisition, LearnSomething, Inc. will now operate as a wholly owned subsidiary of Xerox Corporation. Terms of sales were undisclosed. Further details are not available.

On July 9, 2013, sources stated that Domtar Corporation, Montreal, Canada, through its operating subsidiaries, has completed its acquisition of Xerox Corp.'s paper and print media products business in the United States and Canada, on June 3, 2013. The transaction includes coated and uncoated papers and specialty print media.

On July 8, 2013, sources stated that Xerox Corporation, Norwalk, CT, has completed the acquisition of Customer Value Group Ltd., London, United Kingdom, on July 3, 2013. Further details are unavailable.

On July 3, 2013, sources stated that Xerox Corporation, Norwalk, CT, announced on April 23, 2013, that its affiliate plans to lay off 150 of its Bakersfield employees this summer. Further details are not available.

On April 25, 2013, sources stated that Xerox Corporation, Norwalk, CT, has completed the acquisition of Zeno Office Solutions Inc., Tampa, FL, on April 11, 2013. With the acquisition, Zeno Office Solutions Inc. will now operate as a subsidiary of Xerox Corporation. Financial terms were not disclosed. Further details are unavailable.

On July 23, 2012, Global Imaging Systems Inc., a wholly-owned subsidiary of the company acquired Martin Whalen Office Solutions Inc., Bradley, IL. With the acquisition, Martin Whalen Office Solutions Inc. will now be a subsidiary of Xerox Corporation.

On July 2, 2012, the company completed the acquisition of Lateral Data LP, Houston, TX, for $30 million. Lateral Data LP will now operate as a wholly-owned subsidiary of Xerox Corp.

On February 15, 2012, Global Imaging Systems Inc., Tampa, FL, a subsidiary of the company acquired R. K. Dixon Company, Davenport, IA. With the acquisition, R. K. Dixon Company will now operate as a subsidiary of Global Imaging Systems Inc.

On January 4, 2012, the company acquired LaserNetworks Inc., Ontario, Canada.

On November 29, 2011, Affiliated Computer Science, Dallas, TX, a subsidiary of the company, acquired Breakaway Healthcare and Life Sciences Inc., Denver, CO. With the acquisition, Breakaway Healthcare and Life Sciences Inc. will now operate as a wholly owned subsidiary of Affiliated Computer Science.

On October 4, 2011, the company completed the acquisition of Symcor Inc., Atlanta, GA. With the acquisition, Symcor Inc. will now operate as a subsidiary of Xerox Company.

In July 2011, the company acquired Education Sales and Marketing, LLC for approximately $45 in cash.

On July 27, 2011, Global Imaging Systems, Tampa, Florida, the company through its subsidiary Eastern Copy Products, Syracuse, New York, has acquired Xerographic Solutions, Valencia, CA. With the acquisition, Xerographic Solutions will operate as a subsidiary of Eastern Copy Products.

On May 27, 2011, the company acquired NewField IT, Twickenham, England. NewField IT will operate as a wholly-owned Xerox subsidiary.

In April 2011, the company acquired Unamic/HCN B.V., the largest privately-owned customer care provider in the Benelux region, for approximately $55 million net of cash acquired.

On March 21, 2011, the company, through its subsidiary, Affiliated Computer Services Inc, Dallas, TX, acquired CredenceHealth Inc, Nashville, TN. With the acquisition, CredenceHealth Inc will operate as a wholly owned subsidiary of Affiliated Computer Services Inc.

URSULA M BURNS. Director since 2007. She is the company's CHB and CEO. She joined the company in 1980 and subsequently advanced through several engineering and management positions. Named Vice President and General Manager, Departmental Business Unit in 1997; Vice President, Worldwide Manufacturing in 1999; Senior Vice President, Corporate Strategic Services in 2000; Senior Vice President, President, Document Systems and Solutions Group in 2001; and Senior Vice President, President, Business Group Operations in 2002. Elected President in April 2007; CEO in July 2009; CHB in May 2010.

KATHRYN A MIKELLS. She has been appointed as the company's Executive Vice President and CFO on March 28, 2013. She has been the Senior Vice President and CFO of ADT Corporation. Prior to joining ADT, she was CFO of Nalco. She joined Nalco in 2010 from UAL Corporation, the parent company of United Airlines, where she served as Executive Vice President and CFO. During her 16 years with UAL, she held a variety of senior leadership roles, including Vice President - Investor Relations, Vice President - Financial Planning and Analysis and Treasurer. She holds a Bachelor of Science degree from the University of Illinois and an M.B.A. degree from The University of Chicago Booth School of Business.

DON H LIU. He joined the company in 2007. From 1999-2005, he was General Counsel, Corporate Secretary and Corporate Compliance Officer at IKON Office Solutions. Prior to IKON, he was Vice President and Deputy Chief Legal Officer for Aetna U.S. Healthcare. He earned his J.D. from the Columbia University School of Law and a Bachelor of Arts degree from Haverford College.

LYNN R BLODGETT. She is with the company since 2010, in present position since 2012. She was President and CEO of ACS since 2006. Prior to that he served as Executive Vice President and COO of ACS from 2005-2006 and before that he served as Executive Vice President and Group President - Commercial Solutions of ACS since July 1999.

GARY R KABURECK. He is the Vice President and CAO of the company and was with the company since 2003.

Business Registration

CORPORATE AND BUSINESS REGISTRATIONS REPORTED BY THE SECRETARY OF STATE OR OTHER OFFICIAL SOURCE AS OF Jan 10 2014
The following data is not an official record of the Department of State or the State of New York and Dun & Bradstreet is not an employee or agent thereof.

Registered Name:	XEROX CORPORATION
Business type:	CORPORATION
Corporation type:	PROFIT
Date incorporated:	Apr 18 1906
State of incorporation:	NEW YORK
Filing date:	Apr 18 1906
Registration ID:	27553
Duration Date:	2006-04-18
Status:	ACTIVE
Where filed:	SECRETARY OF STATE/CORPORATION DIVISION , ALBANY , NY
Principals:	URSULA M BURNS , CHAIRMAN OF THE BOARD , 45 GLOVER AVENUE , NORWALK , CT , 068560000

Operations

01/08/2014

Description:	The company provides business process and document management services. The company's Services segment offers various business process outsourcing services, including human resources services; finance and accounting services; healthcare payers and pharma; customer care services; technology-based transactional services for retail, travel and non-healthcare insurance companies; government and transportation solutions; consulting solutions, revenue cycle management and application services for healthcare providers; and government healthcare solutions. It also provides information technology outsourcing services comprising mainframe and server outsourcing, network outsourcing, desktop outsourcing and cloud services, as well as remote infrastructure management, help desk/service desk management, managed storage, utility computing, disaster recovery and security services. In addition, this segment offers document outsourcing services, such as managed print services that optimize, rationalize and manage the operations of Xerox and non-Xerox print devices; and communication and marketing services that deliver design, communication, marketing, logistic and distribution services through SMS, Web, email and mobile, as well as print media. The company's Document Technology segment provides desktop monochrome and color printers, multifunction printers, copiers, digital printing presses and light production devices; and production printing and publishing systems for the graphic communications marketplace and large enterprises, as well as toner and inkjet products. Its other segment sells paper, wide-format systems, network integration solutions and electronic presentation systems. Terms vary depending on products sold, including rental with option to purchase, contract sales and Net 30 days. Sells to commercial concerns. Territory : International.

	Nonseasonal.
Employees:	147,600 which includes officer(s). 475 employed here.
Facilities:	Leases 378,000 sq. ft. in concrete block a building.
Branches:	This business has multiple branches, detailed branch/division information is available in D & B's linkage or family tree products.
Subsidiaries:	This business has multiple subsidiaries, detailed information is available in D & B's linkage or family tree products.

SIC & NAICS

SIC:
Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific about a company's operations than if we use the standard 4-digit code.
The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.
3577 0000 Computer peripheral equipment, nec
3861 0505 Photocopy machines
7629 9902 Business machine repair, electric
7378 9902 Computer peripheral equipment repair and maintenance
7374 0000 Data processing and preparation
6159 0203 Machinery and equipment finance leasing
NAICS:

334118 Computer Terminal and Other Computer Peripheral Equipment Manufacturing
333316 Photographic and Photocopying Equipment Manufacturing
811212 Computer and Office Machine Repair and Maintenance
811212 Computer and Office Machine Repair and Maintenance
518210 Data Processing,Hosting, and Related Services
522220 Sales Financing

Financials

Currency: Shown in USD unless otherwise indicated

Company Financials: D&B

Graph cannot be created

12/04/2013

Three-year Statement Comparative:

	Interim Consolidated Sep 30 2013	Fiscal Consolidated Dec 31 2012	Fiscal Consolidated Dec 31 2011
Current Assets	8,070,000,000	8,273,000,000	7,912,000,000
Current Liabilities	5,646,000,000	5,910,000,000	6,381,000,000
Current Ratio	1.43	1.4	1.24
Working Capital	2,424,000,000	2,363,000,000	1,531,000,000
Other Assets	20,946,000,000	21,742,000,000	22,204,000,000
Long Term Liabs	11,190,000,000	12,441,000,000	11,710,000,000
Net Worth	12,180,000,000	11,664,000,000	12,025,000,000
Revenues		22,390,000,000	22,626,000,000
Net Income (loss)		1,223,000,000	1,328,000,000
Depreciation & Amor		1,301,000,000	1,251,000,000
Capital Outlays		(388,000,000)	338,000,000

Company Financial: EDGAR (Annual Statements)

Balance Sheet

Period Ending	**Fiscal Consolidated Dec 31 2012**	**Fiscal Consolidated Dec 31 2011**	**Fiscal Consolidated Dec 31 2010**
ASSETS			
Current Assets			
Cash and Cash Equivalents	1,246,000,000	902,000,000	1,211,000,000
Short Term Investments	UN	UN	UN
Net Trade Receivables	4,702,000,000	4,765,000,000	5,113,000,000
Inventory	1,011,000,000	1,021,000,000	991,000,000
Other Current Assets	1,162,000,000	1,058,000,000	1,126,000,000
Total Current Assets	**8,273,000,000**	**7,912,000,000**	**8,639,000,000**
Property, Plant and Equipment	2,091,000,000	2,145,000,000	2,201,000,000
Fixed Assets	2,091,000,000	2,145,000,000	2,201,000,000
Long Term Investments	4,706,000,000	5,426,000,000	5,426,000,000
Deferred Long Term Asset Charges	763,000,000	672,000,000	540,000,000
Other Assets	2,337,000,000	2,116,000,000	1,774,000,000
Goodwill	9,062,000,000	8,803,000,000	8,649,000,000
Total Assets	**30,015,000,000**	**30,116,000,000**	**30,600,000,000**
Accumulated Amortization	UN	UN	UN
Intangible Assets	2,783,000,000	3,042,000,000	3,371,000,000
LIABILITIES			
Current Liabilities			
Accounts Payable	2,654,000,000	2,773,000,000	2,869,000,000
Short Term And Current Long Term Debt	1,042,000,000	1,545,000,000	1,370,000,000
Other Current Liabilities	2,214,000,000	2,063,000,000	2,178,000,000
Total Current Liabilities	**5,910,000,000**	**6,381,000,000**	**6,417,000,000**
Long Term Debt	7,447,000,000	7,088,000,000	7,237,000,000
Deferred Long Term Liability Charges	UN	UN	UN
Negative Goodwill	UN	UN	UN
Minority Interest Expense	143,000,000	149,000,000	153,000,000

Other Liabilities	4,645,000,000	4,273,000,000	4,438,000,000
Misc Stocks Options Warrant	349,000,000	349,000,000	349,000,000
Total Liabilities	**18,145,000,000**	**17,891,000,000**	**18,245,000,000**
SHAREHOLDER'S EQUITY			
Preferred Stock Amount	UN	UN	UN
Common Stock	1,239,000,000	1,353,000,000	1,398,000,000
Retained Earnings	7,991,000,000	7,046,000,000	6,016,000,000
Treasury Stock	104,000,000	124,000,000	0
Capital Surplus	5,622,000,000	6,317,000,000	6,580,000,000
Other Equity	-3,227,000,000	-2,716,000,000	-1,988,000,000
Total Equity	**11,521,000,000**	**11,876,000,000**	**12,006,000,000**

Income Statement

Period Ending	**Fiscal Consolidated Dec 31 2012**	**Fiscal Consolidated Dec 31 2011**	**Fiscal Consolidated Dec 31 2010**
Sales (Revenue)	22,390,000,000	22,626,000,000	21,633,000,000
Cost of Goods Sold	15,362,000,000	15,197,000,000	14,182,000,000
Gross Profit	**7,028,000,000**	**7,429,000,000**	**7,451,000,000**
Sales And General Admin	4,544,000,000	4,712,000,000	4,983,000,000
Research and Development Expense	655,000,000	721,000,000	781,000,000
Non-Recurring Charges	153,000,000	33,000,000	560,000,000
Other Operating Items	UN	UN	UN
Operating Income	1,348,000,000	1,565,000,000	815,000,000
Net Total Other Income and Expenses	UN	UN	UN
Earnings Before Interest and Taxes	1,348,000,000	1,565,000,000	815,000,000
Interest Expense	UN	UN	UN
Earning Before Tax	1,348,000,000	1,565,000,000	815,000,000
Income Tax Expense	277,000,000	386,000,000	256,000,000
Equity Earnings or Loss	UN	UN	UN
Minority Interest Expense	28,000,000	33,000,000	31,000,000
Net Income From Continuing Operations	1,195,000,000	1,295,000,000	606,000,000
Discontinued Operations	UN	UN	UN
Effect of Accounting Changes	UN	UN	UN
Extraordinary Items	UN	UN	UN
Other Non-Operating Expenses	0	0	0
Net Income	**1,195,000,000**	**1,295,000,000**	**606,000,000**
Preferred Stocks and Other Adjustments	UN	UN	UN
Net Income Applicable to Common Shares	1,195,000,000	1,295,000,000	606,000,000

Statement of Cash Flow

Period Ending	**Fiscal Consolidated Dec 31 2012**	**Fiscal Consolidated Dec 31 2011**	**Fiscal Consolidated Dec 31 2010**
Depreciation	1,301,000,000	1,251,000,000	1,097,000,000
Net Income Adjustments	-67,000,000	-178,000,000	328,000,000

Changes in Liabilities	91,000,000	149,000,000	835,000,000
Changes in Accounts Receivables	641,000,000	174,000,000	229,000,000
Changes in Inventories	-0	-124,000,000	-151,000,000
Changes in Other Operating Activities	-609,000,000	-639,000,000	-249,000,000
Net Cash Flows - Operating Activities	2,580,000,000	1,961,000,000	2,726,000,000
Capital Expenditures	-388,000,000	-338,000,000	-355,000,000
Investments	UN	UN	UN
Other Cash Flows from Investing Activities	-373,000,000	-337,000,000	-1,823,000,000
Net Cash Flows - Investing Activities	-761,000,000	-675,000,000	-2,178,000,000
Dividends Paid	-324,000,000	-287,000,000	-252,000,000
Sale and Purchase of Stock	-1,050,000,000	-684,000,000	168,000,000
Net Borrowings	-108,000,000	49,000,000	-3,056,000,000
Other Cash Flows from Financing Activities	0	-670,000,000	0
Net Cash Flows - Financing Activities	-1,472,000,000	-1,586,000,000	-3,116,000,000
Effect of Exchange Rate	-3,000,000	-9,000,000	-20,000,000
Change in Cash and Cash Equivalents	344,000,000	-309,000,000	-2,588,000,000

Financial Ratios

Period Ending	**Fiscal Consolidated Dec 31 2012**	**Fiscal Consolidated Dec 31 2011**	**Fiscal Consolidated Dec 31 2010**
Solvency Ratios			
Current Ratio	1.40	1.24	1.35
Quick Ratio	UN	UN	UN
Current Liabilities to Net Worth (%)	49.79	52.20	51.94
Total Liabilities to Net worth (%)	152.86	146.35	147.67
Current Liabilities to Inventory (%)	584.57	624.98	647.53
Fixed Assets to Net Worth (%)	17.62	17.55	17.81
Cash Ratio	UN	UN	UN
Efficiency Ratios			
Accounts Payable to Sales Ratio	0.12	0.12	0.13
Sales to Working Capital Ratio	9.48	14.78	9.74
Sales to Inventory (%)	2214.64	2216.06	2182.95
Assets to Sales (%)	134.06	133.10	141.45
ROCE (%)	5.59	6.59	3.37
Profitability Ratios			
Return on Net Worth (%)	10.37	10.90	5.05
Return on Assets (%)	3.98	4.30	1.98
Return on Sales (%)	6.02	6.92	3.77
Gross Profit Margin (%)	31.39	32.83	34.44
Operating Margin (%)	6.02	6.92	3.77
Pre-Tax Profit Margin (%)	6.02	6.92	3.77
Profit Margin (%)	5.34	5.72	2.80
Pre-Tax Return on Equity (%)	11.70	13.18	6.79
After Tax Return on Equity (%)	10.37	10.90	5.05

Operating Income to Interest Ratio	UN	UN	UN
Financial Leverage Ratios			
EBITDA to EBIT Ratio	0.03	0.20	-0.35
Debt to Income Ratio	15.18	13.82	30.11
Debt to Equity Ratio	1.57	1.51	1.52
Equity Ratio (%)	38.38	39.43	39.24
Interest Coverage Ratio	UN	UN	UN
Interest Coverage by EBITDA Ratio	UN	UN	UN

Note:UN=Unavailable
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Company Financial: EDGAR (Quarterly Statements)

Balance Sheet

Quarter	**Q3**	**Q2**	**Q1**	**Q4**
Quarter Ending	**Sep 30 2013**	**Jun 30 2013**	**Mar 31 2013**	**Dec 31 2012**
ASSETS				
Current Assets				
Cash and Cash Equivalents	948,000,000	929,000,000	993,000,000	1,246,000,000
Short Term Investments	UN	UN	UN	UN
Net Trade Receivables	4,573,000,000	4,770,000,000	4,806,000,000	4,702,000,000
Inventory	1,152,000,000	1,109,000,000	1,096,000,000	1,011,000,000
Other Current Assets	1,259,000,000	1,260,000,000	1,215,000,000	1,162,000,000
Total Current Assets	**8,070,000,000**	**8,212,000,000**	**8,260,000,000**	**8,273,000,000**
Property, Plant and Equipment	2,018,000,000	2,015,000,000	2,043,000,000	2,091,000,000
Fixed Assets	2,018,000,000	2,015,000,000	2,043,000,000	2,091,000,000
Long Term Investments	4,286,000,000	4,461,000,000	4,545,000,000	4,706,000,000
Deferred Long Term Asset Charges	643,000,000	667,000,000	697,000,000	763,000,000
Other Assets	2,244,000,000	2,252,000,000	2,303,000,000	2,337,000,000
Goodwill	9,169,000,000	9,064,000,000	8,993,000,000	9,062,000,000
Total Assets	**29,016,000,000**	**29,327,000,000**	**29,565,000,000**	**30,015,000,000**
Accumulated Amortization	UN	UN	UN	UN
Intangible Assets	2,586,000,000	2,656,000,000	2,724,000,000	2,783,000,000
LIABILITIES				
Current Liabilities				
Accounts Payable	2,361,000,000	2,430,000,000	2,442,000,000	2,654,000,000
Short Term And Current Long Term Debt	1,135,000,000	1,783,000,000	1,107,000,000	1,042,000,000
Other Current Liabilities	2,150,000,000	2,092,000,000	2,078,000,000	2,214,000,000
Total Current Liabilities	**5,646,000,000**	**6,305,000,000**	**5,627,000,000**	**5,910,000,000**
Long Term Debt	6,406,000,000	6,366,000,000	7,432,000,000	7,447,000,000
Deferred Long Term Liability Charges	UN	UN	UN	UN
Negative Goodwill	UN	UN	UN	UN
Minority Interest Expense	134,000,000	149,000,000	145,000,000	143,000,000
Other Liabilities	4,435,000,000	4,433,000,000	4,511,000,000	4,645,000,000
Misc Stocks Options Warrant	349,000,000	349,000,000	349,000,000	349,000,000

Total Liabilities	**16,621,000,000**	**17,253,000,000**	**17,715,000,000**	**18,145,000,000**
SHAREHOLDER'S EQUITY				
Preferred Stock Amount	UN	UN	UN	UN
Common Stock	1,247,000,000	1,233,000,000	1,228,000,000	1,239,000,000
Retained Earnings	8,608,000,000	8,400,000,000	8,208,000,000	7,991,000,000
Treasury Stock	162,000,000	0	0	104,000,000
Capital Surplus	5,630,000,000	5,614,000,000	5,560,000,000	5,622,000,000
Other Equity	-3,277,000,000	-3,522,000,000	-3,495,000,000	-3,227,000,000
Total Equity	**12,046,000,000**	**11,725,000,000**	**11,501,000,000**	**11,521,000,000**

Income Statement

Quarter	Q3	Q2	Q1	Q4
Quarter Ending	**Sep 30 2013**	**Jun 30 2013**	**Mar 31 2013**	**Dec 31 2012**
Sales (Revenue)	5,262,000,000	5,248,000,000	5,356,000,000	6,416,000,000
Cost of Goods Sold	3,607,000,000	3,571,000,000	3,749,000,000	4,487,000,000
Gross Profit	**1,655,000,000**	**1,677,000,000**	**1,607,000,000**	**1,929,000,000**
Sales And General Admin	1,057,000,000	1,086,000,000	1,072,000,000	1,215,000,000
Research and Development Expense	145,000,000	149,000,000	154,000,000	160,000,000
Non-Recurring Charges	35,000,000	32,000,000	-7,000,000	90,000,000
Other Operating Items	UN	UN	UN	UN
Operating Income	335,000,000	327,000,000	305,000,000	382,000,000
Net Total Other Income and Expenses	UN	UN	UN	UN
Earnings Before Interest and Taxes	335,000,000	327,000,000	305,000,000	382,000,000
Interest Expense	UN	UN	UN	UN
Earning Before Tax	335,000,000	327,000,000	305,000,000	382,000,000
Income Tax Expense	85,000,000	66,000,000	52,000,000	76,000,000
Equity Earnings or Loss	UN	UN	UN	UN
Minority Interest Expense	5,000,000	6,000,000	4,000,000	8,000,000
Net Income From Continuing Operations	293,000,000	301,000,000	296,000,000	325,000,000
Discontinued Operations	-2,000,000	-20,000,000	UN	-10,000,000
Effect of Accounting Changes	UN	UN	UN	UN
Extraordinary Items	UN	UN	UN	UN
Other Non-Operating Expenses	-5,000,000	-10,000,000	0	20,000,000
Net Income	**286,000,000**	**271,000,000**	**296,000,000**	**335,000,000**
Preferred Stocks and Other Adjustments	UN	UN	UN	UN
Net Income Applicable to Common Shares	286,000,000	271,000,000	296,000,000	335,000,000

Statement of Cash Flow

Quarter	Q3	Q2	Q1	Q4
Quarter Ending	**Sep 30 2013**	**Jun 30 2013**	**Mar 31 2013**	**Dec 31 2012**
Depreciation	340,000,000	343,000,000	329,000,000	336,000,000
Net Income Adjustments	-73,000,000	21,000,000	-71,000,000	157,000,000
Changes in Liabilities	72,000,000	9,000,000	-143,000,000	354,000,000
Changes in Accounts Receivables	501,000,000	27,000,000	-152,000,000	625,000,000

Changes in Inventories	-41,000,000	-34,000,000	-107,000,000	128,000,000
Changes in Other Operating Activities	-129,000,000	-110,000,000	-243,000,000	-170,000,000
Net Cash Flows - Operating Activities	961,000,000	533,000,000	-87,000,000	1,773,000,000
Capital Expenditures	-84,000,000	-84,000,000	-85,000,000	-105,000,000
Investments	UN	UN	UN	UN
Other Cash Flows from Investing Activities	2,000,000	-83,000,000	-68,000,000	-55,000,000
Net Cash Flows - Investing Activities	-82,000,000	-167,000,000	-153,000,000	-160,000,000
Dividends Paid	-110,000,000	-80,000,000	-61,000,000	-66,000,000
Sale and Purchase of Stock	-164,000,000	32,000,000	2,000,000	-334,000,000
Net Borrowings	-610,000,000	-378,000,000	57,000,000	-850,000,000
Other Cash Flows from Financing Activities	UN	UN	UN	UN
Net Cash Flows - Financing Activities	-871,000,000	-427,000,000	-1,000,000	-1,250,000,000
Effect of Exchange Rate	11,000,000	-3,000,000	-12,000,000	1,000,000
Change in Cash and Cash Equivalents	19,000,000	-64,000,000	-253,000,000	364,000,000

Financial Ratios

Quarter	**Q3**	**Q2**	**Q1**	**Q4**
Quarter Ending	**Sep 30 2013**	**Jun 30 2013**	**Mar 31 2013**	**Dec 31 2012**
Solvency Ratios				
Current Ratio	1.43	1.30	1.47	1.40
Quick Ratio	UN	UN	UN	UN
Current Liabilities to Net Worth (%)	45.55	52.22	47.49	49.79
Total Liabilities to Net worth (%)	134.09	142.89	149.49	152.86
Current Liabilities to Inventory (%)	490.10	568.53	513.41	584.57
Fixed Assets to Net Worth (%)	16.28	16.69	17.24	17.62
Cash Ratio	UN	UN	UN	UN
Efficiency Ratios				
Accounts Payable to Sales Ratio	0.45	0.46	0.46	0.41
Sales to Working Capital Ratio	2.17	2.75	2.03	2.72
Sales to Inventory (%)	456.77	473.22	488.69	634.62
Assets to Sales (%)	551.43	558.82	552.00	467.81
ROCE (%)	1.43	1.42	1.27	1.58
Profitability Ratios				
Return on Net Worth (%)	2.37	2.31	2.57	2.91
Return on Assets (%)	0.99	0.92	1.00	1.12
Return on Sales (%)	6.37	6.23	5.69	5.95
Gross Profit Margin (%)	31.45	31.96	30.00	30.07
Operating Margin (%)	6.37	6.23	5.69	5.95
Pre-Tax Profit Margin (%)	6.37	6.23	5.69	5.95
Profit Margin (%)	5.44	5.16	5.53	5.22
Pre-Tax Return on Equity (%)	2.78	2.79	2.65	3.32
After Tax Return on Equity (%)	2.37	2.31	2.57	2.91
Operating Income to Interest Ratio	UN	UN	UN	UN
Financial Leverage Ratios				

EBITDA to EBIT Ratio	-0.01	-0.05	-0.08	0.12
Debt to Income Ratio	58.12	63.66	59.85	54.16
Debt to Equity Ratio	1.38	1.47	1.54	1.57
Equity Ratio (%)	41.52	39.98	38.90	38.38
Interest Coverage Ratio	UN	UN	UN	UN
Interest Coverage by EBITDA Ratio	UN	UN	UN	UN

Note:UN=Unavailable

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Stock Performance

Additional Financial Data

Interim Consolidated statement dated SEP 30 2013 (in thousands):

Assets		**Liabilities**	
Cash	948,000	Accts Pay	1,589,000
Accts Rec	2,989,000	Short-Term Debt & Long-Term Debt	1,135,000
Inventory	1,152,000	Accruals	772,000
Billed Protin-Finance Receivables	138,000	Unearned Income	483,000
Finance Receivables-Net	1,584,000	Other Curr Liabs	1,667,000
Other Curr Assets	1,259,000		
Curr Assets	**8,070,000**	**Curr Liabs**	**5,646,000**
Fixt & Equip	1,485,000	Long-Term Debt	6,406,000
Finance Receivables-Net	2,957,000	Pension & Other Benefit Liabilities	2,833,000
Investments-Other	1,329,000	L.T. Liab-Other	1,951,000
Intangible Assets-Net	2,586,000	COMMON STOCK	1,247,000

Goodwill	9,169,000	ADDIT. PD.-IN CAP	5,630,000
Other Assets	3,420,000	TREASURY STOCK	(162,000)
		RETAINED EARNINGS	8,608,000
		ADJUSTMENTS	(3,143,000)
Total Assets	**29,016,000**	**Total Liabilities + Equity**	**29,016,000**

From JAN 01 2013 to SEP 30 2013 sales $15,866,000,000; cost of goods sold $10,927,000,000. Gross profit $4,939,000,000; operating expenses $3,857,000,000. Operating income $1,082,000,000; other income $126,000,000; other expenses $137,000,000; net income before taxes $1,071,000,000; Federal income tax $203,000,000. Net income $868,000,000.

Statement obtained from Securities And Exchange Commission. Prepared from books without audit.

Explanations
The net worth of this company includes intangibles; Other Assets consist of equipment on operating leases-net, deferred tax assets and other long-term assets; Other Long Term Liabilities consist of post-retirement medical benefits, serias a convertible preferred stock and other long-term liabilities; Adjustments consists of accumulated other comprehensive loss and noncontrolling interests.

The report was updated using the filings available with the US Securities and Exchange Commission.

Key Business Ratios

Statement Date	Sep 30 2013
Based on this Number of Establishments	24

Industry Norms Based On 24 Establishments

	This Business	Industry Median	Industry Quartile
Profitability			
Return on Sales %	5.5	4.0	2
Return on Net Worth %	UN	6.1	UN
Short-Term Solvency			
Current Ratio	1.4	2.5	4
Quick Ratio	0.7	1.5	4
Efficiency			
Assets to Sales %	UN	125.6	UN
Sales / Net Working Capital	6.5	2.0	1
Utilization			
Total Liabilities / Net Worth (%)	UN	68.0	UN

UN = Unavailable

Detailed Trade Risk Insight™

Detailed Trade Risk Insight provides detailed updates on over 1.5 billion commercial trade experiences collected from more than 260 million unique supplier/purchaser relationships.

Days Beyond Terms - Past 3 & 12 Months

3 months from Nov 13 to Jan 14

7 Days

Dollar-weighted average of **288** payment experiences reported from **120** companies

12 months from Feb 13 to Jan 14

8 Days

Dollar-weighted average of **785** payment experiences reported from **206** companies

Derogatory Events Last 13 Months from Jan 13 to Jan 14

Status	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Placed for collection	-	-	-	-	100 on 1 acct	-	-	-	-	-	-	-	-
Bad debt written off	0 on 1 acct	-	-	0 on 1 acct	-	-	-	-	-	-	-	-	-

Total Amount Current and Past Due - 13 month trend from Jan 13 to Jan 14

Status	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Total	22,559,134	24,617,896	25,457,356	24,174,589	23,875,945	19,328,758	19,121,395	17,290,762	17,773,991	18,406,378	17,849,160	2,637,818	418
Current	13,123,836	14,269,955	13,868,208	14,563,222	13,641,115	10,597,268	10,785,806	8,057,169	9,300,053	8,835,159	7,695,041	2,155,916	418
1-30 Days Past Due	5,561,665	6,371,703	7,192,014	5,368,297	5,933,392	5,399,513	4,314,390	4,847,034	4,744,135	5,753,411	6,512,826	336,334	-
31-60 Days Past Due	3,516,402	3,667,308	3,941,471	3,537,686	3,598,460	2,941,427	3,485,357	4,271,089	3,608,067	3,071,469	3,261,219	154,645	-
61-90 Days Past Due	282,343	270,470	303,933	727,053	268,468	300,898	530,763	62,150	97,460	510,432	118,629	73,509	-
90+ Days Past Due	74,888	38,460	151,730	-21,669	434,510	89,652	5,079	53,320	24,276	235,907	261,445	-82,586	-

Kathryn A. Mikells
Executive Vice President and Chief Financial Officer

Xerox Corporation
45 Glover Avenue
Norwalk, CT 06850

tel 203-849-2505
fax 203-849-5134

July 11, 2014

Indiana Finance Authority
c/o Computer Aid, Inc.
100 Witherspoon St., Suite 1225
Louisville, Kentucky 40202

Re: **Indiana Finance Authority / Joint Board Request for Proposal for Louisville-Southern Indiana Ohio River Bridges (LSIORB) Toll Services Project**

Ladies and Gentlemen:

In connection with the above-referenced Request for Proposal, I hereby advise you that there has been no material change in the financial condition of Xerox Corporation since submission of the Statements of Qualification in March 2014 that could reasonably be expected to materially adversely affect the ability of Xerox Corporation to perform under any contract or agreement entered into by it in connection with the Request for Proposal.

Sincerely yours,

Kathryn A. Mikells
Executive Vice President and Chief Financial Officer

KAM:jcv

FORM L

GUARANTOR COMMITMENT LETTER

[July 23 , 2014]

Indiana Finance Authority
Joint Board
One North Capitol Avenue, Suite 900
Indianapolis, IN 46204
Attention: Silvia Perez

RE: GUARANTOR COMMITMENT TO PROVIDE PARENT GUARANTY FOR TOLL SERVICES FOR THE LOUISVILLE-SOUTHERN INDIANA OHIO RIVER BRIDGES PROJECT

Dear Ms. Perez:

Xerox Corporation ***[Insert name of entity providing the guaranty]***, hereinafter "Guarantor," is parent ___ ***[describe relationship to Proposer]***. This commitment letter is provided behalf of see below* ***[insert name of Proposer]*** in connection with its proposal for the LSIORB Toll Services Agreement ("Agreement") to provide, operate, maintain, and manage an all-electronic open road toll collection system, and provide back office toll collection and customer service, for the three (3) bridges comprising the Ohio River Bridges Project defined herein (the "Project"). Guarantor hereby irrevocably agrees to provide a guaranty, guaranteeing all the obligations of Toll System Provider with respect to the Agreement in the form of Exhibit Z of the Agreement. This commitment is subject only to award and execution of the Agreement by the Joint Board.

*Xerox State & Local Solutions, Inc.

Sincerely,

____
[Title]

[Attach evidence of authorization of the signatory to the letter, which may include a Power of Attorney signed by an authorized individual of the entity or other authority, as evidenced by the partnership agreement, joint venture agreement, corporate charter, bylaws or resolution.]