



Xerox Holdings Corporation Announces Pricing of Upsized Convertible Notes Offering

March 7, 2024

NORWALK, Conn.--(BUSINESS WIRE)--Mar. 7, 2024-- Xerox Holdings Corporation (NASDAQ: XRX) (the "Company" or "Xerox") announced today the pricing of \$350,000,000 aggregate principal amount of 3.75% Convertible Senior Notes due 2030 (the "Notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Act"). The size of the offering was increased by \$50 million subsequent to the initial announcement of the offering. The Company also granted the initial purchasers of the Notes a 13-day option to purchase up to \$50,000,000 aggregate principal amount of additional notes.

The Company intends to use the net proceeds from this offering to fund the cost of the capped call transactions described below, with any remaining net proceeds of the Notes, together with the net proceeds from the concurrent offering of 8.875% Senior Notes due 2029 of the Company which also priced today, to be used (i) to refinance all of its outstanding 3.800% Senior Notes due 2024 ("2024 Notes") and a portion of its 5.000% Senior Notes due 2025 ("2025 Notes"), (ii) to repay, repurchase or redeem a portion of its other outstanding indebtedness, (iii) to pay related fees and expenses and (iv) for general corporate purposes.

The sale of the Notes is expected to close on March 11, 2024, subject to the satisfaction or waiver of customary closing conditions.

The Notes and the related guarantees will be senior, unsecured obligations of the Company, and interest will be payable semi-annually in arrears.

The Notes will be convertible into cash, up to the aggregate principal amount of the Notes to be converted, and into cash, shares of the Company's common stock or a combination thereof, at the Company's election, in respect of the remainder, if any, of the Company's conversion obligation in excess of the aggregate principal amount of the Notes being converted. The initial conversion rate for the Notes is 47.9904 shares of common stock per \$1,000 principal amount of Notes (which is equivalent to an initial conversion price of approximately \$20.84 per share). The initial conversion price represents a premium of approximately 25% to the \$16.67 per share closing price of Xerox's common stock on NASDAQ on March 6, 2024.

The Notes also will be redeemable at the option of the Company on or after September 20, 2027, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption. The Notes will mature on March 15, 2030.

In connection with the pricing of the Notes, the Company entered into privately negotiated capped call transactions with certain financial institutions, which include certain initial purchasers or their respective affiliates and/or other financial institutions or their respective affiliates (collectively, the "Counterparties"). The capped call transactions are expected generally to reduce potential dilution to the Company's common stock upon any conversion of the Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to a cap based on the cap price. The cap price of the capped call transactions will initially be approximately \$28.34 per share, which represents a premium of 70% over the last reported sale price of Xerox's common stock of \$16.67 per share on March 6, 2024, and is subject to certain adjustments under the terms. If the initial purchasers exercise their option to purchase additional Notes, the Company expects to enter into additional capped call transactions with the Counterparties.

The Company has been advised that, in connection with establishing their initial hedges of the capped call transactions, the Counterparties or their respective affiliates expect to purchase shares of the Company's common stock and/or enter into various derivative transactions with respect to the Company's common stock concurrently with, or shortly after, the pricing of the Notes and may unwind these various derivative transactions and purchase the Company's common stock in open market transactions shortly following the pricing of the Notes. These activities could increase (or reduce the size of any decrease in) the market price of the Company's common stock or the Notes at that time. In addition, the Company has been advised that the Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to the Company's common stock and/or by purchasing or selling shares of the Company's common stock or other securities of the Company in secondary market transactions following the pricing of the Notes and from time to time prior to the maturity of the Notes (and are likely to do so following any conversion of the Notes, any repurchase of the Notes by the Company on a fundamental change repurchase date, any redemption date, or any other date on which the notes are retired by the Company in each case if the Company exercises its option to terminate the relevant portion of the capped call transactions). These activities could cause or avoid an increase or a decrease in the market price of the Company's common stock or the Notes, which could affect the ability of holders of Notes to convert the Notes and, to the extent the activity occurs during any observation period related to a conversion of the Notes, could affect the number of shares of the Company's common stock, if any, and value of the consideration that holders of Notes will receive upon conversion of the Notes.

The Notes and the related guarantees will be offered only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Act. Neither the Notes, the related guarantees nor the shares of common stock issuable upon conversion of the Notes, if any, have been, nor will be, registered under the Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

This press release shall not constitute an offer to sell, or a solicitation of an offer to buy, the Notes, the related guarantees or any other security, and shall not constitute an offer, solicitation or sale of any securities in any state or jurisdiction in which, or to any persons to whom, such offering, solicitation or sale would be unlawful. In addition, this press release shall not constitute an offer to purchase or a solicitation of an offer to purchase the 2024 Notes or the 2025 Notes. Any tender offer will be made solely pursuant to an offer to purchase to the holders of the 2024 Notes and the 2025 Notes.

About Xerox Holdings Corporation (NASDAQ: XRX)

For more than 100 years, Xerox has continually redefined the workplace experience. Harnessing our leadership position in office and production print technology, we've expanded into software and services to sustainably power the hybrid workplace of today and tomorrow. Today, Xerox is continuing its legacy of innovation to deliver client-centric and digitally-driven technology solutions and meet the needs of today's global, distributed workforce. From the office to industrial environments, our differentiated business and technology offerings and financial services are essential workplace technology solutions that drive success for our clients. At Xerox, we make work, work. Learn more at www.xerox.com and explore our commitment to diversity and inclusion.

Forward-Looking Statements

This release and other written or oral statements made from time to time by management contain "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words "anticipate", "believe", "estimate", "expect", "intend", "will", "should", "targeting", "projecting", "driving" and similar expressions, as they relate to us, our performance and/or our technology, are intended to identify forward-looking statements. These statements reflect management's current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to: risks and uncertainties related to the completion of the offering of the Notes on the anticipated terms or at all, applicable market conditions, the satisfaction of customary closing conditions related to the offering, global macroeconomic conditions, including inflation, slower growth or recession, delays or disruptions in the global supply chain, higher interest rates, and wars and other conflicts, including the current conflict between Russia and Ukraine; our ability to succeed in a competitive environment, including by developing new products and service offerings and preserving our existing products and market share as well as repositioning our business in the face of customer preference, technological, and other change, such as evolving return-to-office and hybrid working trends; failure of our customers, vendors, and logistics partners to perform their contractual obligations to us; our ability to attract, train, and retain key personnel; execution risks around our Reinvention; the risk of breaches of our security systems due to cyber, malware, or other intentional attacks that could expose us to liability, litigation, regulatory action or damage our reputation; our ability to obtain adequate pricing for our products and services and to maintain and improve our cost structure; changes in economic and political conditions, trade protection measures, licensing requirements, and tax laws in the United States and in the foreign countries in which we do business; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law; interest rates, cost of borrowing, and access to credit markets; risks related to our indebtedness; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; funding requirements associated with our employee pension and retiree health benefit plans; changes in foreign currency exchange rates; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anticorruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; laws, regulations, international agreements and other initiatives to limit greenhouse gas emissions or relating to climate change, as well as the physical effects of climate change; and other factors as set forth from time to time in the Company's Securities and Exchange Commission filings, including the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The Company intends these forward-looking statements to speak only as of the date of this release and does not undertake to update or revise them as more information becomes available, except as required by law.

Note: To receive RSS news feeds, visit <https://www.news.xerox.com>. For open commentary, industry perspectives and views, visit <http://www.linkedin.com/company/xerox>, <http://twitter.com/xerox>, <http://www.facebook.com/XeroxCorp>, <https://www.instagram.com/xerox/>, <http://www.youtube.com/XeroxCorp>.

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