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, 2021

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

For the transition period from to

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

New York	**001-39013**	**83-3933743**
New York	**001-04471**	**16-0468020**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

P.O. Box 4505, 201 Merritt 7
Norwalk, Connecticut 06851-1056
(Address of principal executive offices)

(203) 849-5216
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $1 par value	**XRX**	**New York Stock Exchange**
Title of each class	Trading Symbol	Name of each exchange on which registered

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.
Xerox Holdings Corporation Yes ☒ No ☐ **Xerox Corporation** Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).
Xerox Holdings Corporation Yes ☒ No ☐ **Xerox Corporation** Yes ☒ No ☐

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

Xerox Holdings Corporation		**Xerox Corporation**	
Large accelerated filer	☒	Large accelerated filer	☐
Accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Non-accelerated filer	☒
Smaller reporting company	☐	Smaller reporting company	☐
Emerging growth company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
Xerox Holdings Corporation o **Xerox Corporation** o

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

Class	**Outstanding at March 31, 2021**
Xerox Holdings Corporation Common Stock, $1 par value	191,947,343 shares

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document, and other written or oral statements made from time to time by management contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “will”, “should”, “targeting”, “projecting”, “driving” and similar expressions, as they relate to us, our performance and/or our technology, are intended to identify forward-looking statements. These statements reflect management’s current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to: the effects of the COVID-19 pandemic on our and our customers' businesses and the duration and extent to which this will impact our future results of operations and overall financial performance; our ability to address our business challenges in order to reverse revenue declines, reduce costs and increase productivity so that we can invest in and grow our business; our ability to attract and retain key personnel; changes in economic and political conditions, trade protection measures, licensing requirements and tax laws in the United States and in the foreign countries in which we do business; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; changes in foreign currency exchange rates; our ability to successfully develop new products, technologies and service offerings and to protect our intellectual property rights; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law; the risk that partners, subcontractors and software vendors will not perform in a timely, quality manner; actions of competitors and our ability to promptly and effectively react to changing technologies and customer expectations; our ability to obtain adequate pricing for our products and services and to maintain and improve cost efficiency of operations, including savings from restructuring actions; the risk that confidential and/or individually identifiable information of ours, our customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security systems due to cyber attacks or other intentional acts; reliance on third parties, including subcontractors, for manufacturing of products and provision of services; the exit of the United Kingdom from the European Union; our ability to manage changes in the printing environment and expand equipment placements; interest rates, cost of borrowing and access to credit markets; funding requirements associated with our employee pension and retiree health benefit plans; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; any impacts resulting from the restructuring of our relationship with Fujifilm Holdings Corporation; and the shared services arrangements entered into by us as part of Project Own It. Additional risks that may affect Xerox’s operations and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of this combined Quarterly Report on Form 10-Q and Xerox Holdings Corporation’s and Xerox Corporation’s combined 2020 Annual Report on Form 10-K, as well as in Xerox Holdings Corporation’s and Xerox Corporation’s Current Reports on Form 8-K filed with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this document or as of the date to which they refer, and Xerox assumes no obligation to update any forward-looking statements as a result of new information or future events or developments, except as required by law.

Throughout this combined Quarterly Report on Form 10-Q ("combined Form 10-Q"), references to “Xerox Holdings” refer to Xerox Holdings Corporation and its consolidated subsidiaries while references to “Xerox” refer to Xerox Corporation and its consolidated subsidiaries. References herein to “we,” “us,” “our,” the “Company” refer collectively to both Xerox Holdings and Xerox unless the context suggests otherwise. References to “Xerox Holdings Corporation” refer to the stand-alone parent company and do not include its subsidiaries. References to “Xerox Corporation” refer to the stand-alone company and do not include subsidiaries.

Xerox Holdings Corporation's primary direct operating subsidiary is Xerox and therefore Xerox reflects nearly all of Xerox Holdings' operations.

XEROX HOLDINGS CORPORATION
XEROX CORPORATION
FORM 10-Q
March 31, 2021

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For additional information about Xerox Holdings Corporation and 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. The content of our website is not incorporated by reference into this combined Form 10-Q unless expressly noted.

PART I — FINANCIAL INFORMATION
ITEM 1 — FINANCIAL STATEMENTS

XEROX HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

(in millions, except per-share data)	Three Months Ended March 31, 2021	2020
Revenues		
Sales	$ 602	$ 565
Services, maintenance and rentals	1,053	1,236
Financing	55	59
Total Revenues	1,710	1,860
Costs and Expenses		
Cost of sales	420	387
Cost of services, maintenance and rentals	651	731
Cost of financing	28	30
Research, development and engineering expenses	74	84
Selling, administrative and general expenses	448	541
Restructuring and related costs, net	17	41
Amortization of intangible assets	15	11
Transaction and related costs, net	—	17
Other expenses, net	4	23
Total Costs and Expenses	1,657	1,865
Income (Loss) before Income Taxes and Equity Income	53	(5)
Income tax expense (benefit)	14	(1)
Equity in net income of unconsolidated affiliates	—	2
Net Income (Loss)	39	(2)
Less: Net income attributable to noncontrolling interests	—	—
Net Income (Loss) Attributable to Xerox Holdings	$ 39	$ (2)
Basic Earnings (Loss) per Share	$ 0.18	$ (0.03)
Diluted Earnings (Loss) per Share	$ 0.18	$ (0.03)

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

XEROX HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Three Months Ended March 31,	
(in millions)	2021	2020
Net Income (Loss)	$ 39	$ (2)
Less: Net income attributable to noncontrolling interests	—	—
Net Income (Loss) Attributable to Xerox Holdings	39	(2)
Other Comprehensive (Loss) Income, Net[(1)]		
Translation adjustments, net	(51)	(197)
Unrealized (losses) gains, net	(7)	5
Changes in defined benefit plans, net	55	54
Other Comprehensive Loss, Net Attributable to Xerox Holdings	(3)	(138)
Comprehensive Income (Loss), Net Attributable to Xerox Holdings	$ 36	$ (140)

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(1) Refer to Note 17 - Other Comprehensive Income (Loss) for gross components of Other comprehensive loss, net, 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 HOLDINGS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)	March 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	$ 2,379	$ 2,625
Accounts receivable (net of allowance of $68 and $69, respectively)	781	883
Billed portion of finance receivables (net of allowance of $4 and $4, respectively)	92	99
Finance receivables, net	1,065	1,082
Inventories	841	843
Other current assets	262	251
Total current assets	5,420	5,783
Finance receivables due after one year (net of allowance of $131 and $129, respectively)	1,920	1,984
Equipment on operating leases, net	277	296
Land, buildings and equipment, net	393	407
Intangible assets, net	223	237
Goodwill	4,075	4,071
Deferred tax assets	510	508
Other long-term assets	1,454	1,455
Total Assets	$ 14,272	$ 14,741
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 678	$ 394
Accounts payable	932	983
Accrued compensation and benefits costs	241	261
Accrued expenses and other current liabilities	794	840
Total current liabilities	2,645	2,478
Long-term debt	3,674	4,050
Pension and other benefit liabilities	1,473	1,566
Post-retirement medical benefits	339	340
Other long-term liabilities	498	497
Total Liabilities	8,629	8,931
Commitments and Contingencies (See Note 19)		
Convertible Preferred Stock	214	214
Common stock	199	198
Additional paid-in capital	2,456	2,445
Treasury stock, at cost	(162)	—
Retained earnings	6,267	6,281
Accumulated other comprehensive loss	(3,335)	(3,332)
Xerox Holdings shareholders' equity	5,425	5,592
Noncontrolling interests	4	4
Total Equity	5,429	5,596
Total Liabilities and Equity	$ 14,272	$ 14,741
Shares of common stock issued	198,651	198,386
Treasury stock	(6,704)	—
Shares of Common Stock Outstanding	191,947	198,386

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

XEROX HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Cash Flows from Operating Activities		
Net Income (Loss)	$ 39	$ (2)
Adjustments required to reconcile Net income (loss) to Cash flows from operating activities		
Depreciation and amortization	86	94
Provisions	20	80
Net gain on sales of businesses and assets	—	(1)
Stock-based compensation	16	11
Restructuring and asset impairment charges	21	29
Payments for restructurings	(27)	(35)
Defined benefit pension cost	—	24
Contributions to defined benefit pension plans	(35)	(33)
Decrease in accounts receivable and billed portion of finance receivables	92	166
Increase in inventories	(18)	(126)
Increase in equipment on operating leases	(28)	(32)
Decrease in finance receivables	37	93
Decrease (increase) in other current and long-term assets	18	(16)
(Decrease) increase in accounts payable	(31)	51
Decrease in accrued compensation	(36)	(108)
Decrease in other current and long-term liabilities	(35)	(38)
Net change in income tax assets and liabilities	6	(10)
Net change in derivative assets and liabilities	3	8
Other operating, net	(11)	18
Net cash provided by operating activities	117	173
Cash Flows from Investing Activities		
Cost of additions to land, buildings, equipment and software	(17)	(23)
Proceeds from sales of businesses and assets	—	2
Acquisitions, net of cash acquired	—	(193)
Net cash used in investing activities	(17)	(214)
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt	—	2
Payments on long-term debt	(95)	—
Dividends	(54)	(58)
Payments to acquire treasury stock, including fees	(162)	—
Other financing, net	(7)	(4)
Net cash used in financing activities	(318)	(60)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(12)	(29)
Decrease in cash, cash equivalents and restricted cash	(230)	(130)
Cash, cash equivalents and restricted cash at beginning of period	2,691	2,795
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 2,461	$ 2,665

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

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

(in millions)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenues		
Sales	$ 602	$ 565
Services, maintenance and rentals	1,053	1,236
Financing	55	59
Total Revenues	1,710	1,860
Costs and Expenses		
Cost of sales	420	387
Cost of services, maintenance and rentals	651	731
Cost of financing	28	30
Research, development and engineering expenses	74	84
Selling, administrative and general expenses	447	541
Restructuring and related costs, net	17	41
Amortization of intangible assets	14	11
Transaction and related costs, net	—	17
Other expenses, net	4	23
Total Costs and Expenses	1,655	1,865
Income (Loss) before Income Taxes and Equity Income	55	(5)
Income tax expense (benefit)	14	(1)
Equity in net income of unconsolidated affiliates	—	2
Net Income (Loss)	41	(2)
Less: Net income attributable to noncontrolling interests	—	—
Net Income (Loss) Attributable to Xerox	$ 41	$ (2)

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

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Three Months Ended March 31,	
(in millions)	2021	2020
Net Income (Loss)	$ 41	$ (2)
Less: Net income attributable to noncontrolling interests	—	—
Net Income (Loss) Attributable to Xerox	41	(2)
Other Comprehensive (Loss) Income, Net[(1)]		
Translation adjustments, net	(51)	(197)
Unrealized (losses) gains, net	(7)	5
Changes in defined benefit plans, net	55	54
Other Comprehensive Loss, Net Attributable to Xerox	(3)	(138)
Comprehensive Income (Loss), Net Attributable to Xerox	$ 38	$ (140)

(1) Refer to Note 17 - Other Comprehensive Income (Loss) for gross components of Other comprehensive loss, net, 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)	March 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	$ 2,379	$ 2,625
Accounts receivable (net of allowance of $68 and $69, respectively)	781	883
Billed portion of finance receivables (net of allowance of $4 and $4, respectively)	92	99
Finance receivables, net	1,065	1,082
Inventories	841	843
Other current assets	263	251
Total current assets	5,421	5,783
Finance receivables due after one year (net of allowance of $131 and $129, respectively)	1,920	1,984
Equipment on operating leases, net	277	296
Land, buildings and equipment, net	393	407
Intangible assets, net	216	229
Goodwill	4,072	4,068
Deferred tax assets	510	508
Other long-term assets	1,455	1,455
Total Assets	$ 14,264	$ 14,730
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 678	$ 394
Accounts payable	932	983
Accrued compensation and benefits costs	241	261
Accrued expenses and other current liabilities	736	750
Total current liabilities	2,587	2,388
Long-term debt	2,180	2,557
Related party debt	1,494	—
Pension and other benefit liabilities	1,473	1,566
Post-retirement medical benefits	339	340
Other long-term liabilities	497	494
Total Liabilities	8,570	7,345
Commitments and Contingencies (See Note 19)		
Additional paid-in capital	3,351	4,879
Retained earnings	5,674	5,834
Accumulated other comprehensive loss	(3,335)	(3,332)
Xerox shareholder's equity	5,690	7,381
Noncontrolling interests	4	4
Total Equity	5,694	7,385
Total Liabilities and Equity	$ 14,264	$ 14,730

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, 2021	2020
Cash Flows from Operating Activities		
Net Income (Loss)	$ 41	$ (2)
Adjustments required to reconcile Net income (loss) to Cash flows from operating activities		
Depreciation and amortization	85	94
Provisions	20	80
Net gain on sales of businesses and assets	—	(1)
Stock-based compensation	16	11
Restructuring and asset impairment charges	21	29
Payments for restructurings	(27)	(35)
Defined benefit pension cost	—	24
Contributions to defined benefit pension plans	(35)	(33)
Decrease in accounts receivable and billed portion of finance receivables	92	166
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Cash Flows from Investing Activities		
Cost of additions to land, buildings, equipment and software	(17)	(23)
Proceeds from sales of businesses and assets	—	2
Acquisitions, net of cash acquired	—	(193)
Net cash used in investing activities	(17)	(214)
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt	—	2
Payments on long-term debt	(95)	—
Distributions to parent	(220)	(58)
Other financing, net	(3)	(4)
Net cash used in financing activities	(318)	(60)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(12)	(29)
Decrease in cash, cash equivalents and restricted cash	(230)	(130)
Cash, cash equivalents and restricted cash at beginning of period	2,691	2,795
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 2,461	$ 2,665

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

Note 1 – Basis of Presentation

References to “Xerox Holdings” refer to Xerox Holdings Corporation and its consolidated subsidiaries while references to “Xerox” refer to Xerox Corporation and its consolidated subsidiaries. References herein to “we,” “us,” “our,” the “Company” refer collectively to both Xerox Holdings and Xerox unless the context suggests otherwise. References to "Xerox Holdings Corporation" refer to the stand-alone parent company and do not include its subsidiaries. References to "Xerox Corporation" refer to the stand-alone company and do not include its subsidiaries.

The accompanying unaudited Condensed Consolidated Financial Statements and footnotes represent the respective, consolidated results and financial results of Xerox Holdings and Xerox and all respective companies that each registrant directly or indirectly controls, either through majority ownership or otherwise. This is a combined report of Xerox Holdings and Xerox, which includes separate unaudited Condensed Consolidated Financial Statements for each registrant.

The accompanying unaudited Condensed Consolidated Financial Statements of both Xerox Holdings and Xerox have been prepared in accordance with the accounting policies described in the Combined 2020 Annual Report on Form 10-K ("2020 Annual Report"), except as noted herein, 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 (GAAP) have been condensed or omitted. You should read these Condensed Consolidated Financial Statements in conjunction with the Consolidated Financial Statements included in the Combined 2020 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.

As of March 31, 2021, although we did see certain improvement in our financial results as businesses gained confidence in the progress to control the COVID-19 pandemic and resumed investments in new printing technology and services, the pandemic continues to progress and impact our financial results. Accordingly, many of our estimates and assumptions continue to require an increased level of judgment and may have to change in the future as events continue to evolve and additional information becomes available.

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

Notes to the Condensed Consolidated Financial Statements reflect the activity for both Xerox Holdings and Xerox for all periods presented, unless otherwise noted.

Goodwill

Interim Impairment Evaluation

We perform our annual goodwill impairment testing in the fourth quarter of each year. After completing our quantitative impairment review in the fourth quarter 2020, we concluded that Goodwill was not impaired. Based on various forecast models, which we believe reflected the inherent uncertainty of the future, we estimated that the excess of fair value over carrying value ranged between 15% and 20%.

During the quarter ended March 31, 2021, although business performance continues to improve, we determined that the continued negative impacts on our current operations resulting from the COVID-19 pandemic as well as a market capitalization that remains less than book value required us to qualitatively assess whether a triggering event had occurred and whether it was more likely than not that our goodwill was impaired as of March 31, 2021. Based on our interim qualitative assessment as of March 31, 2021, we determined that it was more-likely-than-not that the fair value of the Company was greater than the net book value and that we did not have a “triggering event” requiring a quantitative or Step 1 assessment of goodwill. Our review of macroeconomic and industry considerations, as well as the Company's financial results for the first quarter 2021 and projections for the full year 2021, were consistent with the expectations and sensitivities assessed as part of our review performed in the fourth quarter 2020. Further, although our market capitalization remained below our net book value, the Company's market capitalization did improve in the first quarter 2021.

If assumptions or estimates in the fair value calculations change or if future cash flows vary from what was expected, including those assumptions relating to the duration and severity of the financial impact from the COVID-19 pandemic, this may impact the impairment analysis and could reduce the underlying cash flows used to estimate fair values and result in a decline in fair value that may trigger future impairment charges.

Note 2 – Recent Accounting Pronouncements

Xerox Holdings and Xerox consider the applicability and impact of all Accounting Standards Updates (ASUs) issued by the Financial Accounting Standards Board (FASB). The ASUs listed below apply to both registrants. ASUs not listed below were assessed and determined to be not applicable to the Condensed Consolidated Financial Statements of either registrant.

Accounting Standard Updates to be Adopted:

Debt

In August 2020, the FASB issued **ASU 2020-06**, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40).* This update simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments and convertible preferred stock. This update also amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions and requires the application of the if-converted method for calculating diluted earnings per share. This update is effective for our fiscal year beginning January 1, 2022. We are currently evaluating the impact of the adoption of this standard on the Company’s consolidated financial statements and related disclosures.

Reference Rate Reform

In March 2020, the FASB issued **ASU 2020-04**, *Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting,* which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate (“LIBOR”) or by another reference rate expected to be discontinued. In January 2021, the FASB issued **ASU 2021-01**, *Reference Rate Reform (Topic 848): Scope*, which provided clarification guidance to ASU 2020-04. These ASUs were effective commencing with our quarter ended March 31, 2020 through December 31, 2022. There has been no impact to date as a result of ASU 2020-04 or ASU 2021-01 and subsequent amendments on reference rate reform, however we continue to evaluate potential future impacts that may result from the discontinuation of LIBOR or other reference rates as well as the accounting provided in this update on our financial condition, results of operations, and cash flows.

Accounting Standard Updates Adopted in 2021:

Income Taxes

In December 2019, the FASB issued **ASU 2019-12**, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes,* which was intended to simplify various aspects related to accounting for income taxes*.* ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. We adopted this update effective for our fiscal year beginning January 1, 2021. The adoption did not have nor is expected to have a material impact on our results of operations, financial position or disclosures.

Other Updates

In 2021 and 2020, the FASB also issued the following ASUs, which impact the Company but did not have or are not expected to have a material impact on our financial condition, results of operations or cash flows upon adoption. Those updates are as follows:

- ***Investments:*** **ASU 2020-01**, *Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323) and Derivatives and Hedging (Topic 815).* This update is effective for our fiscal year beginning January 1, 2021.

Note 3 – Revenue

Revenues disaggregated by primary geographic markets, major product lines, and sales channels are as follows:

	Three Months Ended March 31,	
	2021	2020
Primary geographical markets[1]:		
United States	$ 974	$ 1,114
Europe	499	481
Canada	93	108
Other	144	157
Total Revenues	$ 1,710	$ 1,860
Major product and services lines:		
Equipment	$ 381	$ 325
Supplies, paper and other sales	221	240
Maintenance agreements[2]	435	529
Service arrangements[3]	489	566
Rental and other	129	141
Financing	55	59
Total Revenues	$ 1,710	$ 1,860
Sales channels:		
Direct equipment lease[4]	$ 147	$ 126
Distributors & resellers[5]	254	223
Customer direct	201	216
Total Sales	$ 602	$ 565

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(1) Geographic area data is based upon the location of the subsidiary reporting the revenue.
(2) Includes revenues from maintenance agreements on sold equipment as well as revenues associated with service agreements sold through our channel partners as Xerox Partner Print Services (XPPS).
(3) Primarily includes revenues from our Managed Services offerings. Also includes revenues from embedded operating leases, which were not significant.
(4) Primarily reflects sales through bundled lease arrangements.
(5) Primarily reflects sales through our two-tier distribution channels.

Contract Assets and Liabilities: We normally do not have contract assets, which are primarily unbilled accounts receivable that are conditional on something other than the passage of time. Our contract liabilities, which represent billings in excess of revenue recognized, are primarily related to advanced billings for maintenance and other services to be performed and were approximately $126 and $130 at March 31, 2021 and December 31, 2020, respectively. The majority of the balance at March 31, 2021 is expected to be amortized to revenue over approximately the next 30 months.

Contract Costs: Incremental direct costs of obtaining a contract primarily include sales commissions paid to sales people and agents in connection with the placement of equipment with associated post sale services arrangements. These costs are deferred and amortized on the straight-line basis over the estimated contract term, which is currently estimated to be approximately four years. We pay commensurate sales commissions upon customer renewals, therefore our amortization period is aligned to our initial contract term.

Incremental direct costs are as follows:

	Three Months Ended March 31,	
	2021	2020
Incremental direct costs of obtaining a contract	$ 13	$ 15
Amortization of incremental direct costs	19	21

The balance of deferred incremental direct costs net of accumulated amortization at March 31, 2021 and December 31, 2020 was $140 and $145, respectively. This amount is expected to be amortized over its estimated period of benefit, which we currently estimate to be approximately four years.

We may also incur costs associated with our services arrangements to generate or enhance resources and assets that will be used to satisfy our future performance obligations included in these arrangements. These costs are considered contract fulfillment costs and are amortized over the contractual service period of the arrangement to cost of services. In addition, we provide inducements to certain customers in various forms, including contractual credits, which are capitalized and amortized as a reduction of revenue over the term of the contract. As of March 31, 2021 and December 31, 2020 amounts deferred associated with contract fulfillment costs and inducements were $17 and $13, respectively. The related amortization was $1 and $1 for the three months ended March 31, 2021 and 2020, respectively.

Equipment and software used in the fulfillment of service arrangements and where the Company retains control are capitalized and depreciated over the shorter of their useful life or the term of the contract if an asset is contract specific.

Note 4 – Lessor

Revenue from sales-type leases is presented on a gross basis when the company enters into a lease to realize value from a product that it would otherwise sell in its ordinary course of business, whereas in transactions where the Company enters into a lease for the purpose of generating revenue by providing financing, the profit or loss, if any, is presented on a net basis. In addition, we have elected to account for sales tax and other similar taxes collected from a lessee as lessee costs and therefore we exclude these costs from contract consideration and variable consideration and present revenue net of these costs.

The components of lease income are as follows:

		Three Months Ended March 31,	
	Location in Statements of Income (Loss)	2021	2020
Revenue from sales type leases	Sales	$ 147	$ 126
Interest income on lease receivables	Financing	55	59
Lease income - operating leases	Services, maintenance and rentals	67	86
Variable lease income	Services, maintenance and rentals	15	22
Total Lease income		$ 284	$ 293

Profit at lease commencement on sales type leases was estimated to be $56 and $43 for the three months ended March 31, 2021 and 2020, respectively.

Note 5 – Supplementary Financial Information

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash amounts were as follows:

	March 31, 2021	December 31, 2020
Cash and cash equivalents	$ 2,379	$ 2,625
Restricted cash		
Litigation deposits in Brazil	38	42
Escrow and cash collections related to secured borrowing arrangements[1]	43	22
Other restricted cash	1	2
Total Restricted cash	82	66
Cash, cash equivalents and restricted cash	$ 2,461	$ 2,691

(1) Represents collections on finance receivables pledged for secured borrowings that will be remitted to lenders in the following month.

Restricted cash primarily relates to cash collections on finance receivables that were pledged for secured borrowings as well as escrow cash deposits made in Brazil associated with ongoing litigation. As more fully discussed in Note 19 - Contingencies and Litigation, various litigation matters in Brazil require us to make cash deposits to escrow as a condition of continuing the litigation. Restricted cash amounts are classified in our Condensed Consolidated Balance Sheets based on when the cash will be contractually or judicially released.

Restricted cash was reported in the Condensed Consolidated Balance Sheets as follows:

	March 31, 2021	December 31, 2020
Other current assets	$ 44	$ 23
Other long-term assets	38	43
Total Restricted cash	$ 82	$ 66

Supplemental Cash Flow Information

Summarized cash flow information is as follows:

	Three Months Ended March 31,	
	2021	2020
Provision for receivables	$ 11	$ 74
Provision for inventory	9	6
Provision for product warranty	2	2
Depreciation of buildings and equipment	19	21
Depreciation and obsolescence of equipment on operating leases	42	51
Amortization of internal use software	10	11
Amortization of acquired intangible assets[1]	15	11
Amortization of customer contract costs[2]	20	22
Cost of additions to land, buildings and equipment	8	18
Cost of additions to internal use software	9	5
Common stock dividends - Xerox Holdings Corporation	50	54
Preferred stock dividends - Xerox Holdings Corporation	4	4
Repurchases related to stock-based compensation - Xerox Holdings Corporation	4	7

(1) Amortization of acquired intangible assets of Xerox is $14 for the three months ended March 31, 2021.
(2) Amortization of customer contract costs is reported in Decrease (increase) in other current and long-term assets *in the Condensed Consolidated Statements of Cash Flows. Refer to Note 3 - Revenue - Contract Costs for additional information.*

Note 6 – Accounts Receivable, Net

Accounts receivable, net were as follows:

	March 31, 2021	December 31, 2020
Invoiced	$ 637	$ 735
Accrued[1]	212	217
Allowance for doubtful accounts	(68)	(69)
Accounts receivable, net	$ 781	$ 883

(1) Accrued receivables include amounts to be invoiced in the subsequent quarter for current services provided.

The allowance for doubtful accounts was as follows:

	2021	2020
Balance at December 31st	$ 69	$ 55
Provision	4	8
Charge-offs	(5)	(2)
Recoveries and other[1]	—	(1)
Balance at March 31st	$ 68	$ 60

(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.

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 based on an assessment of past collection experience as well as consideration of current and future economic conditions and changes in our customer collection trends. Based on that assessment the allowance for doubtful accounts as a percent of gross accounts receivable was 8.0% at March 31, 2021 and 7.2% at December 31, 2020. The allowance for doubtful accounts as a percent of gross accounts receivable remain at an elevated level as compared to historical levels primarily as a result of the macroeconomic and market disruption caused by COVID-19.

Accounts Receivable Sales Arrangements

Accounts receivable sales arrangements are utilized in the normal course of business as part of our cash and liquidity management. The accounts receivable sold are generally short-term trade receivables with payment due dates of less than 60 days. We have one facility in Europe that enables us to sell accounts receivable associated with our distributor network on an ongoing basis, without recourse. Under this arrangement, we sell our entire interest in the related accounts receivable for cash and no portion of the payment is held back or deferred by the purchaser.

Of the accounts receivable sold and derecognized from our balance sheet, $93 and $136 remained uncollected as of March 31, 2021 and December 31, 2020, respectively.

Accounts receivable sales activity was as follows:

	Three Months Ended March 31,	
	2021	2020
Accounts receivable sales[1]	$ 107	$ 53

(1) Losses on sales were not material. Customers may also enter into structured-payable arrangements that require us to sell our receivables from that customer to a third-party financial institution, which then makes payments to us to settle the customer's receivable. In these instances, we ensure the sale of the receivables are bankruptcy-remote and the payment made to us is without recourse. The activity associated with these arrangements is not reflected in this disclosure, as payments under these arrangements have not been material and these are customer directed arrangements.

Note 7 - Finance Receivables, Net

Finance receivables include sales-type 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:

	March 31, 2021	December 31, 2020
Gross receivables	$ 3,596	$ 3,691
Unearned income	(384)	(393)
Subtotal	3,212	3,298
Residual values	—	—
Allowance for doubtful accounts	(135)	(133)
Finance receivables, net	3,077	3,165
Less: Billed portion of finance receivables, net	92	99
Less: Current portion of finance receivables not billed, net	1,065	1,082
Finance receivables due after one year, net	$ 1,920	$ 1,984

Finance Receivables – Allowance for Credit Losses and Credit Quality

Our finance receivable portfolios are primarily in the U.S., Canada and EMEA. 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 credit losses is determined principally based on an assessment of origination year and past collection experience as well as consideration of current and future economic conditions and changes in our customer collection trends. Based on that assessment the allowance for doubtful credit losses as a percentage of gross finance receivables (net of unearned income) was 4.2% at March 31, 2021 and 4.0% at December 31, 2020. In determining the level of reserve required we had to critically assess current and forecasted economic conditions in light of the COVID-19 pandemic to ensure we objectively included those expected impacts in the determination of our reserve. Our assessment also included a review of current portfolio credit metrics and the level of write-offs incurred over the past year of the COVID-19 pandemic.

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 projected loss rates are primarily based upon historical loss experience adjusted for judgments about the probable effects of relevant observable data including current and future 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. We believe our estimates, including any qualitative adjustments, are reasonable and have considered all reasonably available information about past events, current conditions, and reasonable and supportable forecasts of future events and economic conditions. 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 effectively determined by geography, the risk characteristics in our finance receivable portfolio segments will generally be consistent with the risk factors associated with the economies of the countries/regions included in those geographies. Since EMEA is comprised of various countries and regional economies, the risk profile within that portfolio segment is somewhat more diversified due to the varying economic conditions among and within the countries.

The first quarter 2020 reflected an incremental $60 provision to cover estimated write-offs on our finance receivable portfolio from the economic disruption caused by the COVID-19 pandemic. Subsequent to the first quarter of 2020 provision and through the first quarter of 2021, actual write-offs incurred to date have lagged expectations but remain in line with our original projections over the life of the lease portfolio and consistent with future expectations regarding our estimated impacts from the COVID-19 pandemic. Accordingly, our total reserve as a percent of receivables has remained fairly consistent subsequent to the first quarter 2020 charge at around 4%.

The allowance for doubtful accounts as well as the related investment in finance receivables were as follows:

	United States	Canada	EMEA[(1)]	Total
Balance at December 31, 2020	$ 77	$ 15	$ 41	$ 133
Provision	2	1	3	6
Charge-offs	(2)	—	(1)	(3)
Recoveries and other[(2)]	1	—	(2)	(1)
Balance at March 31, 2021	$ 78	$ 16	$ 41	$ 135
Finance receivables as of March 31, 2021 collectively evaluated for impairment[(3)]	$ 1,806	$ 288	$ 1,118	$ 3,212
Balance at December 31, 2019	$ 59	$ 10	$ 20	$ 89
Provision	35	6	25	66
Charge-offs	(3)	(1)	(4)	(8)
Recoveries and other[(2)]	—	—	(1)	(1)
Balance at March 31, 2020	$ 91	$ 15	$ 40	$ 146
Finance receivables as of March 31, 2020 collectively evaluated for impairment[(3)]	$ 1,866	$ 289	$ 1,132	$ 3,287

(1) Includes developing market countries.
(2) 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.
(3) Total Finance receivables exclude the allowance for credit losses of $135 and $146 at March 31, 2021 and 2020, respectively.

In the U.S., customers are further evaluated by class based on the type of lease origination. The primary categories are direct, which primarily includes leases originated directly with end customers through bundled lease arrangements, and indirect, which primarily includes leases originated through our XBS sales channel that utilizes a combination of internal and third party leasing in its lease arrangements with end customers. Indirect also includes lease financing to end-user customers who purchased equipment we sold to distributors or resellers.

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

- **Low Credit Risk:** This rating includes accounts with excellent to good business credit, asset quality and 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 & Poor's (S&P) rating of BBB- or better. Loss rates in this category in the normal course are generally less than 1%.
- **Average Credit Risk:** 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 in the normal course are generally in the range of 2% to 5%.
- **High Credit Risk:** 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 low and average credit risk 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 in the normal course are generally in the range of 7% to 10%.

Credit quality indicators are updated at least annually, or more frequently to the extent required by economic conditions, and the credit quality of any given customer can change during the life of the portfolio.

Details about our finance receivables portfolio based on geography, origination year and credit quality indicators are as follows:

	March 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total Finance Receivables
United States (Direct):							
Low Credit Risk	$ 46	$ 154	$ 134	$ 111	$ 56	$ 21	$ 522
Average Credit Risk	17	53	89	43	20	6	228
High Credit Risk	18	87	39	24	12	5	185
Total	$ 81	$ 294	$ 262	$ 178	$ 88	$ 32	$ 935
United States (Indirect):							
Low Credit Risk	$ 57	$ 194	$ 140	$ 69	$ 26	$ 4	$ 490
Average Credit Risk	42	110	99	56	24	5	336
High Credit Risk	9	16	8	8	3	1	45
Total	$ 108	$ 320	$ 247	$ 133	$ 53	$ 10	$ 871
Canada							
Low Credit Risk	$ 11	$ 36	$ 31	$ 21	$ 7	$ 3	$ 109
Average Credit Risk	10	44	36	23	15	4	132
High Credit Risk	3	16	10	9	7	2	47
Total	$ 24	$ 96	$ 77	$ 53	$ 29	$ 9	$ 288
EMEA[(1)]							
Low Credit Risk	$ 65	$ 176	$ 156	$ 109	$ 46	$ 14	$ 566
Average Credit Risk	52	153	138	89	38	12	482
High Credit Risk	7	19	21	12	8	3	70
Total	$ 124	$ 348	$ 315	$ 210	$ 92	$ 29	$ 1,118
Total Finance Receivables							
Low Credit Risk	$ 179	$ 560	$ 461	$ 310	$ 135	$ 42	$ 1,687
Average Credit Risk	121	360	362	211	97	27	1,178
High Credit Risk	37	138	78	53	30	11	347
Total	$ 337	$ 1,058	$ 901	$ 574	$ 262	$ 80	$ 3,212

	December 31, 2020						
	2020	2019	2018	2017	2016	Prior	Total Finance Receivables
United States (Direct):							
Low Credit Risk	$ 164	$ 151	$ 128	$ 71	$ 32	$ 4	$ 550
Average Credit Risk	54	95	52	26	8	2	237
High Credit Risk	90	42	27	13	5	3	180
Total	$ 308	$ 288	$ 207	$ 110	$ 45	$ 9	$ 967
United States (Indirect):							
Low Credit Risk	$ 193	$ 140	$ 79	$ 33	$ 7	$ —	$ 452
Average Credit Risk	129	124	71	31	8	—	363
High Credit Risk	19	9	9	3	1	—	41
Total	$ 341	$ 273	$ 159	$ 67	$ 16	$ —	$ 856
Canada							
Low Credit Risk	$ 37	$ 34	$ 24	$ 10	$ 5	$ 1	$ 111
Average Credit Risk	46	39	26	17	6	1	135
High Credit Risk	18	10	10	10	3	—	51
Total	$ 101	$ 83	$ 60	$ 37	$ 14	$ 2	$ 297
EMEA(1)							
Low Credit Risk	$ 197	$ 177	$ 131	$ 62	$ 20	$ 4	$ 591
Average Credit Risk	170	160	108	51	17	4	510
High Credit Risk	23	24	15	10	4	1	77
Total	$ 390	$ 361	$ 254	$ 123	$ 41	$ 9	$ 1,178
Total Finance Receivables							
Low Credit Risk	$ 591	$ 502	$ 362	$ 176	$ 64	$ 9	$ 1,704
Average Credit Risk	399	418	257	125	39	7	1,245
High Credit Risk	150	85	61	36	13	4	349
Total	$ 1,140	$ 1,005	$ 680	$ 337	$ 116	$ 20	$ 3,298

(1) Includes developing market countries.

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:

	March 31, 2021						
	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Direct	$ 30	$ 7	$ 8	$ 45	$ 890	$ 935	$ 70
Indirect	18	4	3	25	846	871	—
Total United States	48	11	11	70	1,736	1,806	70
Canada	6	2	1	9	279	288	13
EMEA[(1)]	12	3	2	17	1,101	1,118	17
Total	$ 66	$ 16	$ 14	$ 96	$ 3,116	$ 3,212	$ 100

	December 31, 2020						
	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Direct	$ 33	$ 6	$ 9	$ 48	$ 919	$ 967	$ 74
Indirect	21	4	3	28	828	856	—
Total United States	54	10	12	76	1,747	1,823	74
Canada	8	2	—	10	287	297	12
EMEA[(1)]	12	3	2	17	1,161	1,178	23
Total	$ 74	$ 15	$ 14	$ 103	$ 3,195	$ 3,298	$ 109

(1) Includes developing market countries

Secured Borrowings and Collateral

In July 2020, we sold $355 of U.S. based finance receivables to a consolidated special purpose entity (SPE), which funded the purchase through a secured loan agreement with a financial institution. As of March 31, 2021 the SPE holds $248 of total Finance receivables, net, which are included in our Condensed Consolidated Balance Sheet as collateral for the secured loan agreement.

In December 2020, we sold $610 of U.S. based finance receivables to a consolidated SPE, which funded the purchase through a secured loan agreement with a financial institution. As of March 31, 2021 the SPE holds $543 of total Finance receivables, net, which are included in our Condensed Consolidated Balance Sheet as collateral for the secured loan agreement.

Refer to Note 11 - Debt, for additional information related to this arrangement including the related secured loan agreement.

Note 8 – Inventories and Equipment on Operating Leases, Net

The following is a summary of Inventories by major category:

	March 31, 2021	December 31, 2020
Finished goods	$ 697	$ 707
Work-in-process	48	43
Raw materials	96	93
Total Inventories	$ 841	$ 843

The transfer of equipment from our inventories to equipment subject to an operating lease is presented in our Condensed 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:

	March 31, 2021	December 31, 2020
Equipment on operating leases	$ 1,332	$ 1,376
Accumulated depreciation	(1,055)	(1,080)
Equipment on operating leases, net	$ 277	$ 296

Total contingent rentals on operating leases, consisting principally of usage charges in excess of minimum contracted amounts, were $15 and $22 for the three months ended March 31, 2021 and 2020, respectively.

Note 9 – Lessee

Operating Leases

We have operating leases for real estate and vehicles in our domestic and international operations and for certain equipment in our domestic operations. Additionally, we have identified embedded operating leases within certain supply chain contracts for warehouses, primarily within our domestic operations. Our leases have remaining terms of up to twelve years and a variety of renewal and/or termination options.

The components of lease expense are as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Operating lease expense	$ 27	$ 28
Short-term lease expense	5	5
Variable lease expense[1]	12	12
Sublease income	(1)	—
Total Lease expense	$ 43	$ 45

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(1) *Variable lease expense is related to our leased real estate for offices and warehouses and primarily includes labor and operational costs as well as taxes and insurance.*

As of March 31, 2021, we have one additional real estate operating lease that has not yet commenced. This operating lease has an obligation and corresponding right-of-use (ROU) asset of $8 and commenced in April 2021 with a lease term of approximately 6 years and a one-time option to terminate the lease after 3 years.

Operating lease ROU assets, net and operating lease liabilities were reported in the Condensed Consolidated Balance Sheets as follows:

	March 31, 2021	December 31, 2020
Other long-term assets	$ 287	$ 310
Accrued expenses and other current liabilities	$ 79	$ 83
Other long-term liabilities	231	250
Total Operating lease liabilities	$ 310	$ 333

Note 10 – Restructuring Programs

We engage in restructuring actions through Project Own It as well as other transformation efforts in order to reduce our cost structure and realign it to the changing nature of our business. As part of our efforts to reduce costs, our restructuring actions may also include the off-shoring or outsourcing of certain operations, services and other functions, as well as reducing our real estate footprint.

During the three months ended March 31, 2021, we recorded net restructuring and asset impairment charges of $21, which included $14 of severance costs related to headcount reductions of approximately 350 employees worldwide, $1 of other contractual termination costs and $10 of asset impairment charges. These costs were partially offset by $4 of net reversals, primarily resulting from changes in estimated reserves from prior period initiatives.

Information related to restructuring program activity is outlined below:

	Severance and Related Costs	Other Contractual Termination Costs[(2)]	Asset Impairments[(3)]	Total
Balance at December 31, 2020	$ 78	$ 4	$ —	$ 82
Provision	14	1	10	25
Reversals	(4)	—	—	(4)
Net current period charges[(1)]	10	1	10	21
Charges against reserve and currency	(29)	(1)	(10)	(40)
Balance at March 31, 2021	$ 59	$ 4	$ —	$ 63

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(1) Represents net amount recognized within the Condensed Consolidated Statements of Income (Loss) for the period shown for restructuring and asset impairment charges.
(2) Primarily includes additional costs incurred upon the exit from our facilities including decommissioning costs and associated contractual termination costs.
(3) Primarily relates to the exit and abandonment of leased and owned facilities. The charge includes the accelerated write-off of $1 for leased ROU assets and $9 for owned assets upon exit from the facilities, net of any potential sublease income and other recoveries, including potential sales, in the first quarter of 2021.

The following table summarizes the reconciliation to the Condensed Consolidated Statements of Cash Flows:

	Three Months Ended March 31,	
	2021	2020
Charges against reserve and currency	$ (40)	$ (35)
Effects of foreign currency and other non-cash items	13	—
Restructuring cash payments	$ (27)	$ (35)

In connection with our restructuring programs, we also incurred certain related costs as follows:

	Three Months Ended March 31,	
	2021	2020
Retention related severance/bonuses[(1)]	$ (4)	$ 7
Contractual severance costs	—	4
Consulting and other costs[(2)]	—	1
Total	$ (4)	$ 12

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(1) Includes retention related severance and bonuses for employees expected to continue working beyond their minimum notification period before termination. The credit of $4 in the first quarter 2021 reflects a change in estimate.
(2) Represents professional support services associated with our business transformation initiatives.

Cash paid for restructuring related costs were approximately $3 and $0 for the three months ended March 31, 2021 and 2020, respectively, while the reserve was $13 and $21 at March 31, 2021 and December 31, 2020. The balance at March 31, 2021 is expected to be paid over the next twelve months.

Note 11 – Debt

Xerox Holdings Corporation / Xerox Corporation Intercompany Loan

In August 2020, Xerox Holdings Corporation issued $550 of 5.00% Senior Notes due August 2025 (the "2025 Senior Notes") at par and $550 of 5.50% Senior Notes due August 2028 (the "2028 Senior Notes") at par resulting in aggregate net proceeds (after fees and expenses) of approximately $1,089. On August 24, 2020, Xerox Holdings Corporation issued an additional $200 of the 2025 Senior Notes at 100.75% of par and an additional $200 of the 2028 Senior Notes at 102.50% of par resulting in additional aggregate net proceeds (after premium, fees and expenses) of approximately $405 for total aggregate net proceeds from both issuances of approximately $1,494. In 2020, the net debt proceeds were contributed by Xerox Holdings Corporation to Xerox Corporation and recorded as Additional paid-in capital by Xerox Corporation.

In February 2021, Xerox Holdings Corporation and Xerox Corporation entered into an Intercompany Loan agreement for the net proceeds of $1,494 contributed by Xerox Holdings Corporation to Xerox Corporation in 2020. The intercompany loan, which did not involve the exchange of cash in the current period, resulted in the capitalization of the amount as Related Party Debt for Xerox Corporation as of March 31, 2021. The amount was originally recorded as Additional paid-in capital in 2020 when the cash was contributed by Xerox Holdings Corporation.

The intercompany loan was established to mirror the terms included in Xerox Holdings Corporation’s 2025 and 2028 Senior Notes, including interest rates and payment dates. The intercompany interest expense also includes a ratable amount to reimburse Xerox Holdings Corporation for its debt issuance costs and premium.

At March 31, 2021, the balance of the Intercompany Loan reported in Xerox Corporation’s Condensed Consolidated Balance Sheet was $1,494, which is net of related debt issuance costs, and the intercompany interest payable was $10. Xerox Corporation’s interest expense for the three months ended March 31, 2021 included $20 of interest expense associated with this Intercompany Loan.

Secured Borrowings and Collateral

In July 2020, we entered into a secured loan agreement with a financial institution where we sold $355 of U.S. based finance receivables and the rights to payments under operating leases with an equipment net book value of $10 to a special purpose entity (SPE). The purchase by the SPE was funded through an amortizing secured loan to the SPE from the financial institution of $340. The debt has a variable interest rate based on LIBOR plus a spread (current rate of 1.69% at March 31, 2021).

In December 2020, we entered into a second secured loan agreement with a financial institution where we sold $610 of U.S. based finance receivables to an SPE. The purchase by the SPE was funded through an amortizing secured loan to the SPE from the financial institution of $500. The debt has a variable interest rate based on the financial institution's cost of funds plus a spread (current rate of 1.73% at March 31, 2021).

Below are the assets and liabilities held by the consolidated SPEs, which are included in our Condensed Consolidated Balance Sheets. As a result of the above sales, the assets of the SPEs are not available to satisfy any of our other obligations. Conversely, the credit holders of these SPEs borrowings do not have legal recourse to the Company’s general credit or other assets.

	March 31, 2021	December 31, 2020
Assets held by SPEs		
Billed portion of finance receivables, net	$ 25	$ 28
Finance receivables, net	326	350
Finance receivables due after one year, net	440	510
Equipment on operating leases, net	6	8
Restricted cash[1]	43	22
Total Assets	$ 840	$ 918
Liabilities held by SPEs		
Current portion of long-term debt, net[2]	$ 380	$ 394
Long term debt, net[2]	290	370
Total Liabilities	$ 670	$ 764

(1) Restricted cash is included in Other current assets in our Condensed Consolidated Balance Sheet.
(2) Net of debt issuance costs of $3.

Interest Expense and Income

Interest expense and income were as follows:

	Three Months Ended March 31,	
	2021	2020
Interest expense[(1)(2)]	$ 52	$ 51
Interest income[(3)]	56	67

____
(1) Includes Cost of financing as well as non-financing interest expense that is included in Other expenses, net in the Condensed Consolidated Statements of Income (Loss).
(2) Interest expense for the three month ended March 31, 2021 for Xerox Corporation includes $20 of intercompany interest expense for the Xerox Holdings Corporation / Xerox Corporation Intercompany Loan.
(3) Includes Financing revenue as well as other interest income that is included in Other expenses, net in the Condensed Consolidated Statements of Income (Loss).

Note 12 – Financial Instruments

Interest Rate Risk Management

We use interest rate swap and interest rate cap 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. At March 31, 2021 there were no material interest rate derivative contracts outstanding.

Foreign Exchange Risk Management

We are a global company and 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

At March 31, 2021 and December 31, 2020, we had outstanding forward exchange and purchased option contracts with gross notional values of $968 and $1,161 respectively, with terms of less than 12 months. Approximately 78% of the contracts at March 31, 2021 mature within three months, 11% mature in three to six months and 11% in six to twelve months. The decrease in hedge position from December 31, 2020 is primarily for GBP and YEN exposures due to lower requirements. There has not been any material change in our hedging strategy.

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. The net (liability) asset fair value of these contracts were $(7) and $2 as of March 31, 2021 and December 31, 2020, 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, 2021	December 31, 2020
Derivatives Designated as Hedging Instruments			
Foreign exchange contracts - forwards	Other current assets	$ 1	$ 3
	Accrued expenses and other current liabilities	(8)	(2)
Foreign currency options	Other current assets	—	1
	Net designated derivative (liability) asset	$ (7)	$ 2
Derivatives NOT Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	$ 3	$ 3
	Accrued expenses and other current liabilities	(6)	(3)
	Net undesignated derivative liability	$ (3)	$ —
Summary of Derivatives	Total Derivative assets	$ 4	$ 7
	Total Derivative liabilities	(14)	(5)
	Net Derivative (liability) asset	$ (10)	$ 2

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 (losses).

Designated Derivative Instruments Gains (Losses)

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

	Three Months Ended March 31,	
Gain (Loss) on Derivative Instruments	2021	2020
Fair Value Hedges - Interest Rate Contracts		
Derivative loss recognized in interest expense	$ —	$ (1)
Hedged item gain recognized in interest expense	—	1
Cash Flow Hedges - Foreign Exchange Forward Contracts and Options		
Derivative (loss) gain recognized in OCI (effective portion)	$ (10)	$ 7
Derivative loss reclassified from AOCL to income - Cost of sales (effective portion)	(1)	(1)

During the three months ended March 31, 2021 and 2020, no amount of ineffectiveness was recorded in the Condensed Consolidated Statements of Income (Loss) 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 March 31, 2021, a net after-tax loss of $5 was 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 remeasurement of the underlying foreign currency-denominated asset or liability.

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

		Three Months Ended March 31,	
Derivatives NOT Designated as Hedging Instruments	Location of Derivative (Loss) Gain	2021	2020
Foreign exchange contracts – forwards	Other expense – Currency (losses) gains, net	$ (18)	$ 14

For the three months ended March 31, 2021 and 2020 currency losses, net were $2 and $2, respectively. Net currency gains and losses 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 remeasurement of foreign currency-denominated assets and liabilities and are included in Other expenses, net.

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, 2021	December 31, 2020
Assets		
Foreign exchange contracts - forwards	$ 4	$ 6
Foreign currency options	—	1
Deferred compensation plan investments in mutual funds	17	18
Total	$ 21	$ 25
Liabilities		
Foreign exchange contracts - forwards	$ 14	$ 5
Deferred compensation plan liabilities	17	17
Total	$ 31	$ 22

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 mutual funds is based on quoted market prices for those funds. Fair value for deferred compensation plan liabilities is based on the fair value of investments corresponding to employees' investment selections.

Summary of Other Financial Assets and Liabilities

The estimated fair values of our other financial assets and liabilities were as follows:

	March 31, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 2,379	$ 2,379	$ 2,625	$ 2,625
Accounts receivable, net	781	781	883	883
Short-term debt and current portion of long-term debt	678	688	394	396
Long-term Debt				
Xerox Holdings Corporation	1,494	1,558	1,493	1,596
Xerox Corporation	1,890	1,992	2,187	2,298
Xerox - Other Subsidiaries(1)	290	292	370	372
Long-term debt	$ 3,674	$ 3,842	$ 4,050	$ 4,266

(1) Represents subsidiaries of Xerox Corporation

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-term debt, including the current portion of long-term debt, and Long-term debt was estimated based 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 14 – Employee Benefit Plans

The components of Net periodic benefit cost and other changes in plan assets and benefit obligations were as follows:

	Three Months Ended March 31,					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Retiree Health	
Components of Net Periodic Benefit Costs:	2021	2020	2021	2020	2021	2020
Service cost	$ —	$ 1	$ 5	$ 5	$ 1	$ 1
Interest cost	18	23	22	29	2	2
Expected return on plan assets	(28)	(26)	(52)	(47)	—	—
Recognized net actuarial loss	5	7	15	14	—	—
Amortization of prior service credit	—	—	—	—	(17)	(19)
Recognized settlement loss	15	19	—	—	—	—
Recognized curtailment gain	—	—	—	(1)	—	—
Defined benefit plans	10	24	(10)	—	(14)	(16)
Defined contribution plans	—	5	5	5	n/a	n/a
Net Periodic Benefit Cost (Credit)	10	29	(5)	5	(14)	(16)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss):						
Net actuarial (gain) loss[(1)]	(44)	12	1	—	—	—
Amortization of net actuarial loss	(20)	(26)	(15)	(14)	—	—
Amortization of prior service credit	—	—	—	—	17	19
Total Recognized in Other Comprehensive Income (Loss)[(2)]	(64)	(14)	(14)	(14)	17	19
Total Recognized in Net Periodic Benefit (Credit) Cost and Other Comprehensive Income (Loss)	$ (54)	$ 15	$ (19)	$ (9)	$ 3	$ 3

(1) The net actuarial (gain) loss for U.S. Plans primarily reflects the remeasurement of our primary U.S. pension plans as a result of the payment of periodic settlements.

(2) Amounts represent the pre-tax effect included within Other Comprehensive Income (Loss). Refer to Note 17 - Other Comprehensive Income (Loss) for related tax effects and the after-tax amounts.

Contributions

The following table summarizes cash contributions to our defined benefit pension plans and retiree health benefit plans.

	Three Months Ended March 31,		Year Ended December 31,	
	2021	2020	Estimated 2021	2020
U.S. plans	$ 6	$ 6	$ 25	$ 35
Non-U.S. plans	29	27	105	104
Total Pension	$ 35	$ 33	$ 130	$ 139
Retiree Health	$ 6	$ 5	$ 30	$ 25

There are no mandatory contributions required in 2021 for our U.S. tax-qualified defined benefit plans to meet the minimum funding requirements.

Defined Contribution Plans

In the first quarter 2021, the Company temporarily suspended and will not make its full year 2021 employer match/contribution for its U.S. based 401(k) saving plans for salaried employees. The suspension is expected to result in savings of approximately $20 for the year ending December 31, 2021.

Note 15 – Shareholders' Equity of Xerox Holdings

(shares in thousands)

The shareholders' equity information presented below reflects the consolidated activity of Xerox Holdings.

	Common Stock[(1)]	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[(2)]	Xerox Holdings Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2020	$ 198	$ 2,445	$ —	$ 6,281	$ (3,332)	$ 5,592	$ 4	$ 5,596
Comprehensive income (loss), net	—	—	—	39	(3)	36	—	36
Cash dividends declared - common[(3)]	—	—	—	(49)	—	(49)	—	(49)
Cash dividends declared - preferred[(4)]	—	—	—	(4)	—	(4)	—	(4)
Stock option and incentive plans, net	1	11	—	—	—	12	—	12
Payments to acquire treasury stock, including fees	—	—	(162)	—	—	(162)	—	(162)
Balance at March 31, 2021	$ 199	$ 2,456	$ (162)	$ 6,267	$ (3,335)	$ 5,425	$ 4	$ 5,429

	Common Stock[(1)]	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[(2)]	Xerox Holdings Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2019	$ 215	$ 2,782	$ (76)	$ 6,312	$ (3,646)	$ 5,587	$ 7	$ 5,594
Comprehensive loss, net	—	—	—	(2)	(138)	(140)	—	(140)
Cash dividends declared - common[(3)]	—	—	—	(54)	—	(54)	—	(54)
Cash dividends declared - preferred[(4)]	—	—	—	(4)	—	(4)	—	(4)
Stock option and incentive plans, net	—	4	—	—	—	4	—	4
Cancellation of treasury stock	(2)	(74)	76	—	—	—	—	—
Balance at March 31, 2020	$ 213	$ 2,712	$ —	$ 6,252	$ (3,784)	$ 5,393	$ 7	$ 5,400

(1) Common Stock has a par value of $1 per share.
(2) Refer to Note 17 - Other Comprehensive Income (Loss) for the components of AOCL.
(3) Cash dividends declared on common stock for the three months ended March 31, 2021 and 2020 were $0.25 per share, respectively.
(4) Cash dividends declared on preferred stock for the three months ended March 31, 2021 and 2020 were $20.00 per share, respectively.

Treasury Stock

The following is a summary of the purchases of common stock during 2021:

	Shares	Amount
Balance at December 31, 2020	—	$ —
Purchases[(1)]	6,704	162
Cancellations	—	—
Balance at March 31, 2021	6,704	$ 162

(1) Includes associated fees.

Note 16 – Shareholder's Equity of Xerox

The shareholder's equity information presented below reflects the consolidated activity of Xerox.

	Additional Paid-in Capital	Retained Earnings	AOCL[1]	Xerox Shareholder's Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2020	$ 4,879	$ 5,834	$ (3,332)	$ 7,381	$ 4	$ 7,385
Comprehensive income (loss), net	—	41	(3)	38	—	38
Dividends declared to parent	—	(201)	—	(201)	—	(201)
Intercompany loan capitalization[2]	(1,494)	—	—	(1,494)	—	(1,494)
Transfers to parent	(34)	—	—	(34)	—	(34)
Balance at March 31, 2021	$ 3,351	$ 5,674	$ (3,335)	$ 5,690	$ 4	$ 5,694

	Additional Paid-in Capital	Retained Earnings	AOCL[1]	Xerox Shareholder's Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2019	$ 3,266	$ 6,247	$ (3,646)	$ 5,867	$ 7	$ 5,874
Comprehensive loss, net	—	(2)	(138)	(140)	—	(140)
Dividends declared to parent	—	(290)	—	(290)	—	(290)
Transfers from parent	238	—	—	238	—	238
Balance at March 31, 2020	$ 3,504	$ 5,955	$ (3,784)	$ 5,675	$ 7	$ 5,682

(1) Refer to Note 17 - Other Comprehensive Income (Loss) for the components of AOCL.
(2) Refer to Note 11- Debt for information regarding capitalization of balance to Intercompany Loan with Xerox Holdings Corporation.

Note 17 - Other Comprehensive Income (Loss)

Other Comprehensive Income (Loss) is comprised of the following:

	Three Months Ended March 31,			
	2021		2020	
	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Translation Adjustments Losses	$ (52)	$ (51)	$ (204)	$ (197)
Unrealized (Losses) Gains				
Changes in fair value of cash flow hedges (losses) gains	(10)	(8)	7	4
Changes in cash flow hedges reclassed to earnings[(1)]	1	1	1	1
Net Unrealized (Losses) Gains	(9)	(7)	8	5
Defined Benefit Plans Gains (Losses)				
Net actuarial/prior service gains (losses)	43	32	(12)	(9)
Prior service amortization[(2)]	(17)	(12)	(19)	(14)
Actuarial loss amortization/settlement[(2)]	35	26	40	30
Other gains[(3)]	9	9	47	47
Changes in Defined Benefit Plans Gains	70	55	56	54
Other Comprehensive Income (Loss) Attributable to Xerox Holdings/Xerox	$ 9	$ (3)	$ (140)	$ (138)

(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) Primarily represents currency impact on cumulative amount of benefit plan net actuarial losses and prior service credits in AOCL.

Accumulated Other Comprehensive Loss (AOCL)

AOCL is comprised of the following:

	March 31, 2021	December 31, 2020
Cumulative translation adjustments	$ (1,771)	$ (1,720)
Other unrealized (losses) gains, net	(5)	2
Benefit plans net actuarial losses and prior service credits	(1,559)	(1,614)
Total Accumulated Other Comprehensive Loss Attributable to Xerox Holdings/Xerox	$ (3,335)	$ (3,332)

Note 18 – Earnings (Loss) per Share

(shares in thousands)

The following table sets forth the computation of basic and diluted earnings (loss) per share of Xerox Holdings Corporation's common stock:

	Three Months Ended March 31,	
	2021	2020
Basic Earnings (Loss) per Share		
Net Income (Loss) Attributable to Xerox Holdings	$ 39	$ (2)
Accrued dividends on preferred stock	(4)	(4)
Adjusted Net income (loss) available to common shareholders	$ 35	$ (6)
Weighted average common shares outstanding	195,985	212,750
Basic Earnings (Loss) per Share	$ 0.18	$ (0.03)
Diluted Earnings (Loss) per Share		
Net Income (Loss) Attributable to Xerox Holdings	$ 39	$ (2)
Accrued dividends on preferred stock	(4)	(4)
Adjusted Net income (loss) available to common shareholders	$ 35	$ (6)
Weighted average common shares outstanding	195,985	212,750
Common shares issuable with respect to:		
Stock options	—	—
Restricted stock and performance shares	2,181	—
Convertible preferred stock	—	—
Adjusted weighted average common shares outstanding	198,166	212,750
Diluted Earnings (Loss) per Share	$ 0.18	$ (0.03)
The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive:		
Stock options	693	849
Restricted stock and performance shares	5,327	6,478
Convertible preferred stock	6,742	6,742
Total Anti-Dilutive Securities	12,762	14,069
Dividends per Common Share	$ 0.25	$ 0.25

Note 19 – Contingencies and Litigation

Legal Matters

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.

Brazil Contingencies

Our Brazilian operations have received or been the subject of numerous governmental assessments related to indirect and other taxes. The tax matters 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. Below is a summary of our Brazilian tax contingencies:

	March 31, 2021	December 31, 2020
Tax contingency - unreserved	$ 335	$ 355
Escrow cash deposits	35	39
Surety bonds	96	112
Letters of credit	72	78
Liens on Brazilian assets	—	—

The decrease in the unreserved portion of the tax contingency, inclusive of any related interest, was primarily related to currency, partially offset by interest. With respect to the unreserved tax contingency, 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 well as, additional surety bonds and letters of credit, which include associated indexation. Generally, any escrowed amounts would be refundable and any liens on assets would be removed to the extent the matters are resolved in our favor. We are also involved in certain disputes with contract and former employees. Exposures related to labor matters are not material to the financial statements as of March 31, 2021 and December 31, 2020. We routinely assess all these matters as to the 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

Pending Litigation Relating to the Fuji Transaction:

1. Ribbe v. Jacobson, et al.:

On April 11, 2019, Carmen Ribbe filed a putative derivative and class action stockholder complaint in the Supreme Court of the State of New York for New York County, naming as defendants Xerox, current Board members Joseph J. Echevarria, Cheryl Gordon Krongard, Keith Cozza, Giovanni G. Visentin, Jonathan Christodoro, Nicholas Graziano, and A. Scott Letier, and former Board members Jeffrey Jacobson, William Curt Hunter, Robert J. Keegan, Charles Prince, Ann N. Reese, Stephen H. Rusckowski, Gregory Q. Brown, and Sara Martinez Tucker. Plaintiff previously filed a putative shareholder derivative lawsuit on May 24, 2018 against certain of these defendants, as well as others, in the same court; that lawsuit was dismissed without prejudice on December 6, 2018 (*"Ribbe I"*). The new complaint included putative derivative claims on behalf of Xerox for breach of fiduciary duty against the then members of the Xerox Board who approved Xerox's entry into agreements to settle shareholder actions filed in 2018 in the same court against Xerox, its then directors, and FUJIFILM Holdings Corporation ("Fujifilm") in connection with a proposed transaction announced in January 2018 to combine Xerox and Fuji Xerox (the "Fuji

Transaction"), including a consolidated putative class action, In re Xerox Corporation Consolidated Shareholder Litigation ("XCCSL"), and actions filed by Darwin Deason, Deason v. Fujifilm Holdings Corp., et al. and Deason v. Xerox Corporation, et al., against the same defendants as well as, in the first Deason action, former Xerox Chief Executive Officer Ursula M. Burns (the "Fuji Transaction Shareholder Lawsuits"). Plaintiff alleged that the settlements ceded control of the Board and the Company to Darwin Deason and Carl C. Icahn without a vote by, or compensation to, other Xerox stockholders; improperly provided certain benefits and releases to the resigning and continuing directors; and subjected Xerox to potential breach of contract damages in an action by Fuji relating to Xerox's termination of the proposed Fuji Transaction. Plaintiff also alleged that the current Board members breached their fiduciary duties by allegedly rejecting plaintiff's January 14, 2019 shareholder demand on the Board to remedy harms arising from entry into the Deason and XCCSL settlements. The new complaint further included direct claims for breach of fiduciary duty on behalf of a putative class of current Xerox stockholders other than Mr. Deason, Mr. Icahn, and their affiliated entities (the "Ribbe Class") against the defendants for causing Xerox to enter into the Deason and XCCSL settlements, which plaintiff alleged perpetuated control of Xerox by Mr. Icahn and Mr. Deason and denied the voting franchise of Xerox shareholders. Among other things, plaintiff sought damages in an unspecified amount for the alleged fiduciary breaches in favor of Xerox against defendants jointly and severally; rescission or reformation of the Deason and XCCSL settlements; restitution of funds paid to the resigning directors under the Deason settlement; an injunction against defendants' engaging in the alleged wrongful practices and equitable relief affording the putative Ribbe Class the ability to determine the composition of the Board; costs and attorneys' fees; and other further relief as the Court may deem proper.

Defendants accepted service of the complaint as of May 16, 2019. On June 4, 2019, the Court entered an order setting a briefing schedule for defendants' motions to dismiss the complaint. On July 12, 2019, plaintiff filed a motion to preclude defendants from referencing in their motions to dismiss the formation of, or work by, the committee of the Board established to investigate plaintiff's shareholder demand. On July 18, 2019, the Court denied plaintiff's motion and adjourned sine die the deadline by which defendants must file any motions to dismiss the complaint.

On January 6, 2020, plaintiff filed his first amended complaint ("FAC"). The FAC includes many of plaintiff's original allegations regarding the 2018 shareholder litigation and settlements, as well as additional allegations, including, among others, that the members of the Special Committee of the Board that investigated plaintiff's demand lacked independence and wrongfully refused to pursue the claims in the demand; allegations that an agreement announced in November 2019 for, among other things, the sale by Xerox of its interest in Fuji Xerox to Fujifilm and dismissal of Fujifilm's breach of contract lawsuit against Xerox (the "FX Sale Transaction"), was unfavorable to Xerox; and allegations about a potential acquisition by Xerox of HP similar to those in the Miami Firefighters derivative action described below. In addition to the claims in the April 11, 2019 complaint, the FAC adds as defendants Carl C. Icahn, Icahn Capital LP, and High River Limited Partnership (the "Icahn defendants") and asserts claims against those defendants and the Board similar to those in Miami Firefighters relating to the Icahn defendants' purchases of HP stock allegedly with knowledge of material nonpublic information concerning Xerox's potential acquisition of HP. In addition to the relief sought in Ribbe's prior complaint, the FAC seeks relief similar to that sought in Miami Firefighters relating to the Icahn defendants' alleged purchases of HP stock.

On January 21, 2020, plaintiff in the Miami Firefighters action filed a motion seeking to intervene in Ribbe and to have stayed, or alternatively, severed and consolidated with the Miami Firefighters action, any claims first filed in Miami Firefighters and later asserted by Ribbe. At a conference held on February 25, 2020, the Court denied the motion to intervene without prejudice. On March 6, 2020, plaintiff in the Miami Firefighters action renewed its motion. On July 23, 2020, after hearing oral argument, the Court issued an order denying the motion and setting certain case deadlines.

Discovery commenced. On August 7, 2020, Xerox, the director defendants, and the Icahn defendants filed separate motions to dismiss. On October 1, 2020, plaintiff filed a cross-motion seeking, among other relief, joinder of Xerox Holdings Corporation as a nominal defendant. Briefing on the motions to dismiss and plaintiff's cross-motion was completed on October 16, 2020. On December 14, 2020, following oral argument, the Court issued a decision and order denying plaintiff's cross-motion and granting defendants' motions, dismissing the action in its entirety as to all defendants. Dismissal as to the Icahn defendants was conditioned on the filing of an affidavit, which the Icahn defendants filed on December 16, 2020, indicating whether defendant Icahn gained a profit or incurred a loss on purchases of HP stock during the relevant time period.

On January 13, 2021, plaintiff filed a notice of appeal of the December 14, 2020 dismissal order to the Appellate Division, First Department.

On April 7, 2021, plaintiff filed in the previously dismissed Ribbe I and XCCSL actions a motion seeking an award of attorneys' fees of $1.5 and a service award of $10 thousand for benefits he allegedly obtained for Xerox and its stockholders.

Xerox will vigorously defend against this matter. At this time, it is premature to make any conclusion regarding the probability of incurring material losses in this litigation. Should developments cause a change in our determination as to an unfavorable outcome, or result in a final adverse judgment or settlement, 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.

2. Miami Firefighters' Relief & Pension Fund v. Icahn, et al.:

On December 13, 2019, alleged shareholder Miami Firefighters' Relief & Pension Fund ("Miami Firefighters") filed a purported derivative complaint in New York State Supreme Court, New York County on behalf of Xerox Holdings Corporation ("Xerox Holdings") (as nominal defendant) against Carl Icahn and his affiliated entities High River Limited Partnership and Icahn Capital LP (the "Icahn defendants"), Xerox Holdings, and all current Xerox Holdings directors (the "Directors"). Plaintiff made no demand on the Board before bringing the action, but instead alleges that doing so would be futile because the Directors lack independence due to alleged direct or indirect relationships with Icahn. Among other things, the complaint alleges that Icahn controls and dominates Xerox Holdings and therefore owes a fiduciary duty of loyalty to Xerox Holdings, which he breached by acquiring HP stock at a time when he knew that Xerox Holdings was considering an offer to acquire HP or had knowledge of the "obvious merits" of such potential acquisition, and that the Icahn defendants' holdings of HP common stock have risen in market value by approximately $128 since disclosure of the offer. The complaint includes four causes of action: breach of fiduciary duty of loyalty against the Icahn defendants; breach of contract against the Icahn defendants (for purchasing HP stock in violation of Icahn's confidentiality agreement with Xerox Holdings); unjust enrichment against the Icahn defendants; and breach of fiduciary duty of loyalty against the Directors (for any consent to the Icahn defendants' purchases of HP common stock while Xerox Holdings was considering acquiring HP). The complaint seeks a judgment of breach of fiduciary duties against the Icahn defendants and the Directors; a declaration that Icahn breached his confidentiality agreement with Xerox Holdings; a constructive trust on Icahn Capital and High River's investments in HP securities; disgorgement to Xerox Holdings of profits Icahn Capital and High River earned from trading in HP stock; payment of unspecified damages by the Directors for breaching fiduciary duties; and attorneys' fees, costs, and other relief the Court deems just and proper. On January 15, 2020, the Court entered an order granting plaintiff's unopposed motion to consolidate with Miami Firefighters a similar action filed on December 26, 2019 by alleged shareholder Steven J. Reynolds against the same parties in the same court, and designating Miami Firefighters' counsel as lead counsel in the consolidated action. On January 21, 2020, plaintiff filed a motion seeking to intervene in Ribbe v. Jacobson, et al., described above, and to have stayed, or alternatively, severed and consolidated with this action, any claims first filed in this action and later asserted by Ribbe. At a conference held on February 25, 2020, the Court denied the motion to intervene without prejudice. On March 6, 2020, plaintiff in the Miami Firefighters action renewed its motion. On July 23, 2020, after hearing oral argument, the Court issued an order denying the motion and setting certain case deadlines.

Discovery has commenced. On August 10, 2020, the Xerox defendants and the Icahn defendants filed separate motions to dismiss. Briefing on the motions was completed on October 21, 2020. On December 14, 2020, following oral argument, the Court issued a decision and order granting defendants' motions and dismissing the action in its entirety as to all defendants. Dismissal as to the Icahn defendants was conditioned on the filing of an affidavit, which the Icahn defendants filed on December 16, 2020, indicating whether defendant Icahn gained a profit or incurred a loss on purchases of HP stock during the relevant time period.

On December 23, 2020, plaintiff filed a motion seeking discovery related to the Icahn defendants' losses resulting from their investment in HP. The motion was fully briefed on January 7, 2021. On January 15, 2021, the Court issued a decision and order denying the motion.

Also on January 15, 2021, plaintiff filed a notice of appeal of the December 14, 2020 dismissal order to the Appellate Division, First Department. On January 20, 2021, plaintiff filed a notice of appeal of the January 15, 2021 order denying its motion for discovery to the Appellate Division, First Department.

Xerox Holdings will vigorously defend against this matter. At this time, it is premature to make any conclusion regarding the probability of incurring material losses in this litigation. Should developments cause a change in our determination as to an unfavorable outcome, or result in a final adverse judgment or settlement, 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 Litigation

1. Xerox Holdings Corporation v. Factory Mutual Insurance Company and Related Actions:

On March 10, 2021, Xerox Holdings Corporation ("XHC") filed a complaint for breach of contract and declaratory judgment against Factory Mutual Insurance Company in Rhode Island Superior Court, Providence County seeking insurance coverage for business interruption losses resulting from the coronavirus/COVID-19 pandemic. The complaint alleges that defendant agreed to provide XHC with up to $1 billion in per-occurrence coverage for losses resulting from pandemic-related loss or damage to certain real and other property, including business interruption loss resulting from insured property damage; that the pandemic had inflicted significant physical loss or damage to property of XHC and its direct and indirect customers; that XHC's worldwide actual and projected losses through the end of 2020 totaled in excess of $300 (and is still increasing); and that following XHC's timely and proper claim in March 2020 for coverage under the "all risk" commercial property insurance policy it had purchased from defendant, defendant improperly denied and rejected coverage for most of the claim. The complaint seeks a jury trial, a declaratory judgment against defendant declaring that Xerox is entitled to full coverage of costs and losses under defendant's policy and declaring that defendant is required to pay for such costs and losses, subject to any applicable limits; damages in an amount to be determined at trial; consequential damages; attorneys' fees and costs; pre- and post-judgment interest; and other relief the Court deems just and proper. Also on March 10, 2021, subsidiaries of XHC filed similar complaints and related requests for arbitration in Toronto, London, and Amsterdam (see below).

XHC consented to defendant's request for an extension until May 6, 2021 of its time in which to answer or otherwise respond to the complaint. The parties consented to assignment to the Court's business calendar. At an initial conference on April 8, 2021, both parties informed the Court that they anticipate filing motions for judgment on the pleadings.

a. Canadian action

On March 10, 2021, plaintiffs Xerox Canada Inc. and Xerox Canada Ltd. filed a Notice of Action against Factory Mutual Insurance Company in the Ontario Superior Court of Justice in Toronto. On April 9, 2021, plaintiffs filed their Statement of Claim. Plaintiffs must serve both filings by September 10, 2021.

b. UK action

On March 10, 2021, plaintiffs Concept Group Limited, Continua Limited, Xerox Limited, and Xerox UK Limited filed a Claim Form against F.M. Insurance Company Limited in the High Court of Justice, Commercial Court, in London. Also on March 10, 2021, plaintiffs submitted two Requests for Arbitration, which were withdrawn after the parties agreed on March 31, 2021 that both liability and quantum of plaintiffs' claims would be litigated in the Commercial Court proceeding.

c. Netherlands action

On March 10, 2021, plaintiffs Xerox Corporation and 20 of its European subsidiaries filed a Writ of Summons against FM Insurance Europe S.A. in the Amsterdam District Court. Also on March 10, 2021, plaintiffs submitted a Request for Arbitration, which was withdrawn after the parties agreed on April 12, 2021, that both liability and quantum of plaintiffs' claims would be litigated in the District Court proceeding.

Guarantees

We have issued or provided approximately $277 of guarantees as of March 31, 2021 in the form of letters of credit or surety bonds issued to i) support certain insurance programs; ii) support our obligations related to the Brazil contingencies; and iii) support certain contracts, primarily with public sector customers, which 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 we defaulted in performing 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.

Note 20 – Subsequent Events

Fuji Xerox Technology Agreement (TA)

As previously disclosed, our TA with Fuji Xerox (now known as FUJIFILM Business Innovation Corp.((Fuji Xerox)) expired on March 31, 2021. The TA included a provision that allowed Fuji Xerox continued use of the Xerox brand trademark for two years after the date of termination of the TA as it transitions to a new brand in exchange for an upfront prepaid fixed royalty of $100. Fuji Xerox elected to continue its use of the Xerox brand trademark over the next two years and, therefore, made the upfront payment due under the amended agreement of $100 in April 2021. We expect to recognize the revenue associated with this extended brand license ratably over the two year transition period. Accordingly, we expect any potential entry by Xerox for Xerographic products into the Fuji Xerox territory under the Xerox brand to be deferred to at least April 1, 2023. The product supply agreements with Fuji Xerox will continue to be effective despite the termination of the TA, and Fuji Xerox and Xerox will continue to operate as each other’s product supplier under existing or new purchase/supply agreements.

Acquisition

In April 2021, Xerox acquired an office equipment dealer in Canada for approximately $30. This acquisition is part of Xerox's strategy of focusing on further penetrating the small-to-medium sized business (SMB) market through acquisitions of local area resellers and partners (including multi-brand dealers). We are currently assessing the purchase price allocation but expect the majority to be allocated to intangible assets and goodwill.

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

Throughout the Management’s Discussion and Analysis (MD&A), references to “Xerox Holdings” refer to Xerox Holdings Corporation and its consolidated subsidiaries while references to “Xerox” refer to Xerox Corporation and its consolidated subsidiaries. References herein to “we,” “us,” “our,” the “Company” refer collectively to both Xerox Holdings and Xerox unless the context suggests otherwise. References to "Xerox Holdings Corporation" refer to the stand-alone parent company and do not include its subsidiaries. References to "Xerox Corporation" refer to the stand-alone company and do not include subsidiaries.

Currently, Xerox Holdings' primary direct operating subsidiary is Xerox and Xerox reflects nearly all of Xerox Holdings' operations. Accordingly, the following MD&A primarily focuses on the operations of Xerox and is intended to help the reader understand Xerox's business and its results of operations and financial condition. The MD&A is provided as a supplement to, and should be read in conjunction with, the Condensed Consolidated Financial Statements and the accompanying notes. Throughout this MD&A, references are made to various notes in the Condensed Consolidated Financial Statements which appear in Item 1 of this Quarterly Report on Form 10-Q, and the information contained in such notes is incorporated by reference into the MD&A in the places where such references are made.

Xerox Holdings' other direct operating subsidiary is CareAR, Inc. (CareAR), a small SaaS solutions provider, which was acquired in 2020. CareAR incurred approximately $1 million of Selling, administrative and general expenses and $1 million of Amortization of intangible assets, net in first quarter of 2021. Due to their immaterial nature, and for ease of discussion, CareAR's expenses are included in this discussion with Xerox's costs and expenses.

Currency Impact

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 "constant currency", “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. We do not hedge the translation effect of revenues or expenses denominated in currencies where the local currency is the functional currency. 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.

Impact of COVID-19 on Our Business Operations

In response to the COVID-19 pandemic, we continue to prioritize the health and safety of our employees, customers and partners and support their needs so they can perform their work flawlessly, whether in the office or a remote location.

During the first quarter 2021, our business was still experiencing the impact of the pandemic, and the recovery in the near-term may be uneven and affected by the emergence of new variants of the virus and the resurgence of elevated COVID-19 cases in various countries and regions. However, we saw a gradual recovery of our revenues as businesses gained confidence in the progress to control the pandemic and resumed investments in new printing technology and services, and we saw a positive correlation between the roll-out of vaccinations, the return of employees to the office, and the gradual recovery of our page-volume driven Post sale revenues. We expect that measures to control the pandemic and expand economic activity will result in a moderate economic improvement in 2021. We also expect to continue our actions to mitigate the effects of the pandemic on our business operations and financial performance, and we have a strong balance sheet and sufficient liquidity, including access to our undrawn $1.8 billion revolver.

With our Project Own It transformation and cost savings, we have built a leaner and more flexible cost structure, but we also continue to focus our efforts on incremental actions to prioritize and preserve cash as we manage through the pandemic. These actions include the continued reduction of discretionary spend such as near-term targeted marketing programs, the use of contract employees, and the suspension of 401(k) matching contributions. In addition, in response to the COVID-19 pandemic, various governments continue to employ temporary measures to provide aid and economic stimulus directly to companies through cash grants and credits or indirectly through payments to temporarily furloughed employees. During first quarter 2021, we recognized savings of approximately $10 million from the use of such measures in the U.S., Canada and Europe. We continue to monitor government programs and actions being implemented or expected to be implemented to counter the economic impacts of the COVID-19 pandemic.

Overview

First Quarter 2021 Review

Total revenue of $1.71 billion for first quarter 2021 declined 8.1% from first quarter 2020, including a 2.3-percentage point favorable impact from currency. The decrease in revenue reflected a decrease of 13.4% in Post sale revenue, including a 2.2-percentage point favorable impact from currency, offset by an increase of 17.2% in Equipment sales revenue, including a 3.0-percentage point favorable impact from currency.

The COVID-19 pandemic impacted our first quarter 2021 revenues due to business closures and office building capacity restrictions that caused lower printing volumes on our devices. However, our revenues from equipment devices benefited from higher sales in the last month of the quarter corresponding with increased confidence in the progress of vaccinations and the gradual reopening of workplaces, compared to business shutdowns at the end of first quarter 2020.

Net income (loss) attributable to Xerox Holdings and adjusted[1] Net income attributable to Xerox Holdings were as follows:

	Three Months Ended March 31,		
(in millions)	2021	2020	B/(W)
Net income (loss) attributable to Xerox Holdings	$ 39	$ (2)	$ 41
Adjusted[(1)] Net income attributable to Xerox Holdings	47	50	(3)

First quarter 2021 Net income attributable to Xerox Holdings increased $41 million as compared to first quarter 2020 primarily due to the prior year including a $60 million incremental provision to cover estimated write-offs on our trade and finance receivable portfolio from the economic disruption caused by the COVID-19 pandemic as well as lower Restructuring and related costs, net, Transaction and related costs, net and non-service retirement-related costs. These impacts were offset by lower Revenues that were only partially offset by lower operating costs and expenses. First quarter 2021 Adjusted[1] net income attributable to Xerox Holdings decreased $3 million as compared to the prior year, reflecting lower revenues, which were only partially offset by lower operating costs and expenses and lower Income tax expense.

Cash flows provided by operating activities for the three months ended March 31, 2021 were $117 million, as compared to $173 million in the prior year period primarily reflecting lower working capital, net[2], as well as a lower run-off of finance receivables. Cash used in investing activities for the three months ended March 31, 2021 was $17 million for capital expenditures. Cash used in financing activities for the three months ended March 31, 2021 was $318 million reflecting payments of $95 million on secured borrowings, $162 million on repurchases of our Common Stock and dividend payments of $54 million.

2021 Outlook

We continue to expect a modest recovery in 2021 and expect full year total revenues to increase to at least $7.2 billion, or approximately 2.5%, excluding the impact of currency. We are confident in our ability to generate cash and plan to continue our capital allocation policy of returning at least 50% of our annual free cash flow to shareholders, as disclosed in our 2020 Annual Report. We expect operating cash flows to be approximately $600 million, with capital expenditures of approximately $100 million and plan to opportunistically make share repurchases utilizing our remaining share repurchase authorization of approximately $338 million.

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(1) See the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.
(2) Working capital, net reflects Accounts receivable, net, Inventories and Accounts payable.

Financial Review

Revenues

(in millions)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	% Change	CC % Change	% of Total Revenue 2021	% of Total Revenue 2020
Equipment sales	$ 381	$ 325	17.2 %	14.2 %	22 %	17 %
Post sale revenue	1,329	1,535	(13.4)%	(15.6)%	78 %	83 %
Total Revenue	$ 1,710	$ 1,860	(8.1)%	(10.4)%	100 %	100 %
Reconciliation to Condensed Consolidated Statements of Income (Loss):						
Sales	$ 602	$ 565	6.5 %	4.2 %		
Less: Supplies, paper and other sales	(221)	(240)	(7.9)%	(9.3)%		
Equipment sales	$ 381	$ 325	17.2 %	14.2 %		
Services, maintenance and rentals	$ 1,053	$ 1,236	(14.8)%	(18.0)%		
Add: Supplies, paper and other sales	221	240	(7.9)%	(9.3)%		
Add: Financing	55	59	(6.8)%	(8.6)%		
Post sale revenue	$ 1,329	$ 1,535	(13.4)%	(15.6)%		
Americas	$ 1,076	$ 1,239	(13.2)%	(13.4)%	63 %	67 %
EMEA	587	575	2.1 %	(4.6)%	34 %	31 %
Other	47	46	2.2 %	2.2 %	3 %	2 %
Total Revenue(1)	$ 1,710	$ 1,860	(8.1)%	(10.4)%	100 %	100 %

CC - See "Currency Impact" section for a description of Constant Currency.
(1) Refer to the "Geographic Sales Channels and Product and Offerings Definitions" section.

Total revenue for the three months ended March 31, 2021 decreased 8.1% as compared to first quarter 2020, including a 2.3-percentage point favorable impact from currency and an approximate 1.0-percentage point favorable impact from 2020 partner dealer acquisitions.

The COVID-19 pandemic impacted our first quarter 2021 revenues due to business closures and office building capacity restrictions that caused lower printing volumes on our devices. However, our revenues from equipment devices benefited from higher sales in the last month of the quarter corresponding with increased confidence in the progress of vaccinations and the gradual reopening of workplaces, compared to business shutdowns at the end of first quarter 2020.

Sequentially, the rate of decline of our revenues moderated during first quarter 2021. Geographically, the rate of revenue decline moderated more significantly in our EMEA operations, partially due to the region's earlier and more expansive shutdown in the prior year, as well as its higher mix of SMB businesses which have recovered more rapidly with the progress of vaccinations and the control of the pandemic, while our North American operations include a higher proportion of Enterprise customers who are experiencing a slower pace of return to large office buildings. Our EMEA revenues were also favorably impacted by prior year acquisitions in the region

Total revenue for the three months ended March 31, 2021 reflected the following:

Post sale revenue

Post sale revenue primarily reflects contracted services, equipment maintenance, supplies and financing. These revenues are associated not only with the population of devices in the field, which are affected by installs and removals, but also by the page volumes generated from the usage of such devices and the revenue per printed page. Post sale revenue also includes transactional IT hardware sales and implementation services primarily from our XBS organization. For the three months ended March 31, 2021 Post sale revenue decreased 13.4% as compared to first quarter 2020, including a 2.2-percentage point favorable impact from currency. The COVID-19 pandemic impacted our Post sale revenue during the first quarter 2021 due to office closures. The decline in Post sale revenue reflected the following:

- **Services, maintenance and rentals revenue** includes rental and maintenance revenue (including bundled supplies) as well as the post sale component of the document services revenue from our Xerox Services offerings. While these revenues are contractual in nature, our bundled services contracts generally include a minimum fixed charge and a significant variable component based on print volumes. The rate of decline of these revenues moderated as compared to fourth quarter 2020, benefiting from an easier compare (as the prior year was affected by shutdowns at the end of the quarter), but also corresponding with a modest sequential increase in page volumes as the quarter progressed consistent with the rollout of vaccinations, which allowed more employees to return to their offices. For the three months ended March 31, 2021, these revenues decreased 14.8% as compared to first quarter 2020, including a 3.2-percentage point favorable impact from currency. The decline at constant currency[1] reflected a lower population of devices (which is partially associated with lower installs in prior periods), an ongoing competitive price environment, and lower page volumes (including a higher mix of lower average-page-volume products).

- **Supplies, paper and other sales** includes unbundled supplies and other sales. For the three months ended March 31, 2021, these revenues decreased 7.9% as compared to first quarter 2020, including a 1.4-percentage point favorable impact from currency and reflected primarily lower supplies revenues associated with lower page volume trends partially offset by higher IT revenues from IT dealers acquired in the prior year in the U.K. and Canada, and from our XBS sales unit The decrease in supplies was impacted by lower sales through indirect channels. The rate of decline of these revenues improved as compared to fourth quarter 2020, as resellers, moderately softened their cash control and inventory restrictions consistent with gradual indications of improvement in the control of the pandemic.
- **Financing revenue** is generated from financed equipment sale transactions. For the three months ended March 31, 2021, these revenues declined 6.8%, reflecting a continued decline in the finance receivables balance due to lower equipment sales in prior periods and included a 1.8-percentage point favorable impact from currency. XFS lease originations increased in the quarter as compared to first quarter 2020, due to a higher level of lease originations for our XBS sales unit.

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(1) See the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

Equipment sales revenue

	Three Months Ended March 31,				% of Equipment Sales	
(in millions)	2021	2020	% Change	CC % Change	2021	2020
Entry	$ 68	$ 48	41.7%	35.9%	18%	15%
Mid-range	238	206	15.5%	13.2%	63%	63%
High-end	70	67	4.5%	2.0%	18%	21%
Other	5	4	25.0%	25.0%	1%	1%
Equipment sales	$ 381	$ 325	17.2%	14.2%	100%	100%

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CC - See "Currency Impact" section for a description of Constant Currency.
Note: During first quarter 2021, we revised the classification of equipment sales revenue by category for our XBS sales unit. Refer to the Equipment Sales Revenue - Classification Update section, for the revision of prior periods based on the new classification.

Equipment sales revenue increased 17.2% for the three months ended March 31, 2021 as compared to first quarter 2020, including a 3.0-percentage point favorable impact from currency partially offset by the impact of price declines of less than 5%. The increase is partially the result of a favorable compare to the first quarter 2020, when the COVID-19 pandemic resulted in sudden business closures during the last month of the quarter when, historically, a significant portion of our equipment is sold. In addition, these revenues increased at a higher pace through our indirect channels in the U.S. and EMEA, in part due to resellers modestly rebuilding inventories as demand increased with business reopenings. We also continue to see higher sales to our government customers in the U.S., and a higher mix of our revenues coming from lower-end devices as a result of trends associated with the COVID-19 pandemic. The growth at constant currency[1] reflected the following:

- **Entry** - The increase was driven primarily by higher demand for our lower-end printers and MFPs through our indirect channels in the U.S. and in EMEA, including higher installs related to government deals in the developing regions of EMEA.
- **Mid-range** - The increase was driven primarily by higher demand as a result of business reopenings as compared to business shutdowns that reduced purchases of office devices in the prior year. In addition, through the quarter, we saw a gradual narrowing of the gap to pre-pandemic levels consistent with the progress of vaccinations and office and school reopenings.

- **High-end** - The increase reflected primarily improvement in sales of devices in the lower-end of the range, to SMB customers, while sales of larger production engines continued to be depressed as a result of our clients' delayed capital investment decisions.

Total Installs

Installs reflect new placement of devices only (i.e., measure does not take into account removal of devices which may occur as a result of contract renewals or cancellations). Revenue associated with equipment installations may be reflected up-front in Equipment sales or over time either through rental income or as part of our Xerox Services revenues (which are both reported within our Post sale revenues), depending on the terms and conditions of our agreements with customers. Installs include activity from Xerox Services and Xerox and non-Xerox branded products installed by our XBS sales unit. Detail by product group (see ***Geographic Sales Channels and Product and Offerings Definitions***) is shown below.

Installs for the first quarter 2021:

Entry

- 9% increase in color multifunction devices reflecting higher installs of ConnectKey devices through our indirect channels in EMEA, partially offset by lower installs through our U.S. resellers.
- 97% increase in black-and-white multifunction devices reflecting higher activity primarily from indirect channels in the U.S and from developing regions in EMEA. The increase is primarily driven by higher sales of low-end devices including large order government deals from developing markets in EMEA.

Mid-Range[1]

- 11% increase in mid-range color installs primarily reflecting higher installs of our recently launched PrimeLink entry-production color devices and our new-generation of ConnectKey multi-function printers.
- 13% increase in mid-range black-and-white installs reflecting higher installs of our recently launched PrimeLink light-production devices and our new-generation of ConnectKey multi-function devices.

High-End[1]

- 46% increase in high-end color installs reflecting primarily growth from our lower-end Versant devices and our Iridesse systems partially offset by lower installs of our higher-end production presses.
- 18% increase in high-end black-and-white systems reflecting higher installs of our Nuvera devices related to cyclical account refreshes in the U.S.

(1) Mid-range and High-end color installations exclude Fuji Xerox (now known as FUJIFILM Business Innovation Corp. (Fuji Xerox)) digital front-end sales; including Fuji Xerox digital front-end sales Mid-range color devices increased 12% and High-end color systems increased 44%.

Geographic Sales Channels and Product and Offerings Definitions

Our business is aligned to a geographic focus and is primarily organized on the basis of go-to-market sales channels, which are structured to serve a range of customers for our products and services. In 2019 we changed our geographic structure to create a more streamlined, flatter and more effective organization, as follows:

- Americas, which includes our sales channels in the U.S. and Canada, as well as Mexico, and Central and South America.
- EMEA, which includes our sales channels in Europe, the Middle East, Africa and India.
- Other, primarily includes sales to and royalties from Fuji Xerox, and our licensing revenue.

Our products and offerings include:

- "Entry", which includes A4 devices and desktop printers. Prices in this product group can range from approximately $150 to $3,000.
- "Mid-Range", which includes A3 Office and Light Production devices that generally serve workgroup environments in mid to large enterprises. Prices in this product group can range from approximately $2,000 to $75,000+.
- "High-End", which includes production printing and publishing systems that generally serve the graphic communications marketplace and large enterprises. Prices for these systems can range from approximately $30,000 to $1,000,000+.
- Xerox Services, includes solutions and services that span from managing print to automating processes to managing content. Our primary offerings are Intelligent Workplace Services (IWS), as well as Digital and Cloud Print Services (including centralized print services) and Communication and Marketing Solutions.

Equipment Sales Revenue - Classification Update

During first quarter 2021, we revised the classification of equipment sales revenue by category for our XBS sales unit to conform the classification of devices across Xerox sales channels. The revision had no impact on reported total equipment sales revenue.

	2020 Equipment Sales Revenue As Reported				
(in millions)	Q1	Q2	Q3	Q4	FY
Entry	$ 40	$ 34	$ 55	$ 59	$ 188
Mid-range	218	209	291	325	1,043
High-end	64	64	69	115	312
Other	3	3	4	11	21
Equipment Sales Revenue	$ 325	$ 310	$ 419	$ 510	$ 1,564

	Change				
(in millions)	Q1	Q2	Q3	Q4	FY
Entry	$ 8	$ 10	$ 11	$ 11	$ 40
Mid-range	(12)	(14)	(15)	(16)	(57)
High-end	3	3	3	4	13
Other	1	1	1	1	4
Equipment Sales Revenue	$ —	$ —	$ —	$ —	$ —

	2020 Equipment Sales Revenue As Revised				
(in millions)	Q1	Q2	Q3	Q4	FY
Entry	$ 48	$ 44	$ 66	$ 70	$ 228
Mid-range	206	195	276	309	986
High-end	67	67	72	119	325
Other	4	4	5	12	25
Equipment Sales Revenue	$ 325	$ 310	$ 419	$ 510	$ 1,564

Costs, Expenses and Other Income

Summary of Key Financial Ratios

The following is a summary of key financial ratios used to assess our performance:

(in millions)	Three Months Ended March 31, 2021	2020	B/(W)
Gross Profit	$ 611	$ 712	$ (101)
RD&E	74	84	10
SAG	448	541	93
Equipment Gross Margin	27.9 %	26.3 %	1.6 pts.
Post sale Gross Margin	38.0 %	40.8 %	(2.8) pts.
Total Gross Margin	35.7 %	38.3 %	(2.6) pts.
RD&E as a % of Revenue	4.3 %	4.5 %	0.2 pts.
SAG as a % of Revenue	26.2 %	29.1 %	2.9 pts.
Pre-tax Income (Loss)	$ 53	$ (5)	$ 58
Pre-tax Income (Loss) Margin	3.1 %	(0.3)%	3.4 pts.
Adjusted(1) Operating Profit	$ 89	$ 87	$ 2
Adjusted(1) Operating Margin	5.2 %	4.7 %	0.5 pts.

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(1) See the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

Pre-tax Income Margin

First quarter 2021 pre-tax income margin of 3.1% increased by 3.4-percentage points as compared to first quarter 2020. The increase primarily reflected the impact of higher adjusted[1] operating margin (see below) as well as lower Restructuring and related costs, net, Transaction and related costs, net and lower Other expenses, net, partially offset by higher Amortization of intangible assets.

Adjusted[1] Operating Margin

First quarter 2021 adjusted[1] operating margin of 5.2% increased by 0.5-percentage points as compared to first quarter 2020 reflecting an approximate 3.7-percentage point favorable impact from lower bad debt expense due to a higher provision in the prior year to reflect the expected impact to our trade and finance receivable portfolio as a result of the economic disruption caused by the COVID-19 pandemic. This benefit was partially offset by the impact of lower revenues, primarily due to the effect of the COVID-19 pandemic on our business. The impact of these lower revenues was in turn partially mitigated by cost and expense reductions associated with our Project Own It transformation actions, and additional savings from various other cost reductions to mitigate the impact of the pandemic. These actions include savings of approximately $10 million from temporary government assistance measures and reductions in discretionary spend such as the use of contract employees and the suspension of 401(k) matching contributions.

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

Gross Margin

First quarter 2021 gross margin of 35.7% decreased by 2.6-percentage points as compared to first quarter 2020, reflecting the impact of lower revenues, primarily as a result of the effect of the COVID-19 pandemic, including a lower mix of our higher-margin post sale stream (which is most affected by business closures and the associated lower print volumes), as well as the impact of the ongoing competitive price environment. These headwinds were partially offset by the cost savings from our Project Own It transformation actions as well as the additional cost reduction actions to mitigate the impact of the pandemic, including savings of approximately $7 million from temporary government assistance measures and reductions in discretionary spend such as the use of contract employees and the suspension of 401(k) matching contributions.

First quarter 2021 Equipment gross margin of 27.9% increased by 1.6-percentage points as compared to first quarter 2020, reflecting higher sales in the last month of the quarter, as well as the benefit of cost reductions from Project Own It and favorable transaction currency partially offset by an unfavorable mix of growth in low-end devices and the impact of targeted price promotions.

First quarter 2021 Post sale gross margin of 38.0% decreased by 2.8-percentage points as compared to first quarter 2020, reflecting the impact of lower revenues (primarily as a result of COVID-19 related business closures impacting page volumes) and price erosion on contract renewals, partially offset by productivity and cost savings and restructuring savings associated with Project Own It transformation actions, as well as savings from additional cost reduction actions to mitigate the impact of the pandemic.

Research, Development and Engineering Expenses (RD&E)

	Three Months Ended March 31,		
(in millions)	2021	2020	Change
R&D	$ 59	$ 68	$ (9)
Sustaining engineering	15	16	(1)
Total RD&E Expenses	$ 74	$ 84	$ (10)

First quarter 2021 RD&E as a percentage of revenue of 4.3% decreased by 0.2-percentage points as compared to first quarter 2020, as a result of cost reductions that outpaced the rate of revenue declines.

RD&E of $74 million decreased $10 million as compared to first quarter 2020 reflecting savings from simplification and rationalization in our core technology, as well as a favorable impact from the program cycle of recent launches and the timing of projects.

Selling, Administrative and General Expenses (SAG)

First quarter 2021 SAG as a percentage of revenue of 26.2% decreased by 2.9-percentage points as compared to first quarter 2020, primarily as a result of an approximate 3.7-percentage point favorable impact from lower bad debt expense due to a higher provision in the prior year to reflect the expected impact to our trade and finance receivable portfolio as a result of the economic disruption caused by the COVID-19 pandemic. The remaining increase was primarily due to the impact of lower revenues, which was only partially offset by lower expenses as a result of cost savings and restructuring associated with our Project Own It transformation actions, and savings from additional cost reduction actions to mitigate the impact of the pandemic. These actions include savings from temporary government assistance measures and reductions in discretionary spend such as near-term targeted marketing programs, and the suspension of 401(k) matching contributions.

First quarter 2021 SAG of $448 million decreased by $93 million as compared to first quarter 2020, reflecting primarily lower bad debt expenses, as well as cost savings and restructuring savings associated with our Project Own It transformation actions and from additional cost reduction actions to mitigate the impact of the pandemic, as described above, partially offset by higher compensation related accrual expenses (consistent with higher expected operating results), an approximate $10 million impact from translation currency, and higher expenses from prior year acquisitions.

Our bad debt provision of $10 million decreased by $64 million as compared to first quarter 2020, primarily due to the prior year reflecting an approximate $60 million incremental provision to cover estimated write-offs on our trade and finance receivable portfolio from the economic disruption caused by the COVID-19 pandemic. Subsequent to first quarter 2020 and through first quarter 2021, actual write-offs incurred to date have lagged expectations but remain in line with our original projections over the life of the lease portfolio and consistent with future expectations regarding our estimated impacts from the COVID-19 pandemic. Accordingly, our reserves as a percent of receivables have remained fairly consistent subsequent to the first quarter 2020 charge. We continue to monitor developments regarding the pandemic, including business closures and mitigating government support actions and as a result our reserves may need to be updated in future periods. On a trailing twelve-month basis (TTM), bad debt expense was approximately 1.3% of total receivables, which is nearly back to the pre-pandemic trend of approximately 1.0% and reflects the consistent level of reserves subsequent to the first quarter 2020 charge.

Restructuring and Related Costs, Net

We incurred Restructuring and related costs, net of $17 million for the first quarter 2021, as compared to $41 million for first quarter 2020. These costs were primarily related to the implementation of initiatives under our business transformation projects including Project Own It. The following is a breakdown of those costs:

	Three Months Ended March 31,	
(in millions)	2021	2020
Severance[1]	$ 14	$ 32
Asset impairments[2]	10	2
Other contractual termination costs[3]	1	1
Net reversals[4]	(4)	(6)
Restructuring and asset impairment costs	21	29
Retention related severance/bonuses[5]	(4)	7
Contractual severance costs[6]	—	4
Consulting and other costs[7]	—	1
Total	$ 17	$ 41

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(1) Reflects headcount reductions of approximately 350 and 300 employees worldwide in first quarter 2021 and 2020, respectively.
(2) Primarily related to the exit and abandonment of leased and owned facilities. The charge includes the accelerated write-off of $1 million and $1 million for leased right-of-use assets and $9 million and $1 million for owned assets upon exit from the facilities, net of any potential sublease income and other recoveries, including potential sales, in the first quarter of 2021 and 2020, respectively.
(3) Primarily includes additional costs incurred upon the exit from our facilities including decommissioning costs and associated contractual termination costs.
(4) Reflects net reversals for changes in estimated reserves from prior period initiatives.
(5) Includes retention related severance and bonuses for employees expected to continue working beyond their minimum notification period before termination. The $4 million credit in first quarter 2021 reflects a change in estimate.
(6) Amounts primarily reflect estimated severance and other related costs we were contractually required to pay in connection with employees transferred as part of the shared service arrangement entered into with HCL Technologies in the first quarter 2019.
(7) Represents professional support services associated with our business transformation initiatives.

First quarter 2021 actions impacted several functional areas, with approximately 25% focused on gross margin improvements, approximately 65% focused on SAG reductions and the remainder focused on RD&E optimization.

First quarter 2020 actions impacted several functional areas, with approximately 40% focused on gross margin improvements, approximately 50% focused on SAG reductions and the remainder focused on RD&E optimization.

The Restructuring and related costs, net reserve balance as of March 31, 2021 for all programs was $76 million, which is expected to be paid over the next twelve months.

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

Transaction and Related Costs, Net

Transaction and related costs, net primarily reflect costs from third party providers for professional services associated with certain strategic M&A projects. There were no Transaction and related costs, net incurred during first quarter 2021 as compared to $17 million of Transaction and related costs, net, during the first quarter of 2020 primarily related to legal and other professional costs associated with the terminated proposal to acquire HP Inc.

Amortization of Intangible Assets

Amortization of intangible assets for the three months ended March 31, 2021 of $15 million increased by $4 million as compared to the prior year period primarily related to intangible assets associated with our 2020 partner dealer acquisitions in the U.K. and Canada.

Worldwide Employment

Worldwide employment was approximately 24,600 as of March 31, 2021 and decreased by approximately 500[1] from December 31, 2020. The reduction resulted from net attrition (attrition net of gross hires), of which a large portion is not expected to be back filled, as well as the impact of organizational changes.

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(1) Decrease based on revised headcount at December 31, 2020 of 25,100 from 24,700 due to the change in definition of full-time equivalent employee.

Other Expenses, Net

(in millions)	Three Months Ended March 31, 2021	2020
Non-financing interest expense	$ 24	$ 21
Interest income	(1)	(8)
Non-service retirement-related costs	(20)	1
Gains on sales of businesses and assets	—	(1)
Currency losses, net	2	2
Contract termination costs - IT services	—	3
All other expenses, net	(1)	5
Other expenses, net	$ 4	$ 23

Non-Financing Interest Expense

First quarter 2021 non-financing interest expense of $24 million was $3 million higher than first quarter 2020. When combined with financing interest expense (Cost of financing), total interest expense increased by $1 million from first quarter 2020 primarily reflecting a lower average debt balance.

Refer to Note 11 - Debt in the Condensed Consolidated Financial Statements, for additional information regarding debt activity and the interest expense.

Interest Income

Interest income for the three months ended March 31, 2021 was $7 million lower than first quarter 2020, primarily due to lower interest rates.

Non-Service Retirement-Related Costs

Non-service retirement-related costs for the three months ended March 31, 2021 were $21 million lower than first quarter 2020, primarily driven by lower discount rates, as well as higher expected returns on plan assets due to higher asset balances, and lower losses from pension settlements in the U.S.

Refer to Note 14 - Employee Benefit Plans in the Condensed Consolidated Financial Statements, for additional information regarding non-service retirement-related costs.

Income Taxes

First quarter 2021 effective tax rate was 26.4%. On an adjusted[1] basis, first quarter 2021 effective tax rate was 27.7%. This rate was higher than the U.S. federal statutory tax rate of 21% primarily due to state taxes and the geographical mix of earnings. The adjusted1 effective tax rate excludes the tax impacts associated with the following charges: Restructuring and related costs, net, Amortization of intangible assets, non-service retirement-related costs and other discrete, unusual or infrequent items as described in our Non-GAAP Financial Measures section.

First quarter 2020 effective tax rate was 20.0%. On an adjusted[1] basis, first quarter 2020 effective tax rate was 29.4%. This rate was higher than the U.S. federal statutory tax rate of 21% primarily due to state taxes and the geographical mix of earnings as well as the increased impact from various non-deductible and discrete items on lower pre-tax income. The adjusted1 effective tax rate excludes the tax impacts associated with the following charges: Restructuring and related costs, net, Amortization of intangible assets, Transaction and related costs, net, non-service retirement-related costs and other discrete, unusual or infrequent items as described in our Non-GAAP Financial Measures section.

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.

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

Equity in Net Income of Unconsolidated Affiliates

Investment in Affiliates, at Equity largely consists of several minor investments in entities in the Middle East region. There was no Equity in net income of unconsolidated affiliates for the three months ended March 31, 2021, as compared to $2 million of Equity income of unconsolidated affiliates for the three months ended March 31, 2020.

Net Income (Loss)

First quarter 2021 Net income attributable to Xerox Holdings was $39 million, or $0.18 per diluted share. On an adjusted[1] basis, Net income attributable to Xerox Holdings was $47 million, or $0.22 per diluted share. First quarter 2021 adjustments to Net income included Restructuring and related costs, net, Amortization of intangible assets, and non-service retirement-related costs (see Non-GAAP Financial Measures).

First quarter 2020 Net loss attributable to Xerox Holdings was $2 million, or $(0.03) per diluted share. On an adjusted[1] basis, Net income attributable to Xerox Holdings was $50 million, or $0.21 per diluted share. Both amounts included the impact of the approximately $60 million pre-tax increase in bad debt expense (approximately $43 million after-tax) as compared to first quarter 2019, primarily reflecting the expected impact to our customer base and related outstanding receivable portfolio as a result of the economic disruption caused by the COVID-19 pandemic. First quarter 2020 adjustments to Net loss included Restructuring and related costs, net, Amortization of intangible assets, Transaction and related costs, net as well as non-service retirement-related costs and other discrete, unusual or infrequent items (see Non-GAAP Financial Measures).

Refer to Note 18 - Earnings (Loss) per Share in the Condensed Consolidated Financial Statements, for additional information regarding the calculation of basic and diluted earnings (loss) per share.

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

Other Comprehensive Loss

First quarter 2021 Other Comprehensive Loss, Net Attributable to Xerox was $3 million and included the following: i) net translation adjustment losses of $51 million reflecting the weakening of the Euro against the U.S. Dollar that was only partially offset by the strengthening of the GBP and CAD dollar; ii) $7 million of net unrealized losses; and iii) $55 million of net gains from the changes in defined benefit plans primarily due to net actuarial gains as a result of higher discount rates in the U.S. This compares to Other Comprehensive Loss, Net Attributable to Xerox of $138 million for the first quarter 2020, which reflected the following: i) net translation adjustment losses of $197 million reflecting the significant weakening of our major foreign currencies against the U.S. Dollar; ii) $54 million of net gains from the changes in defined benefit plans; and iii) $5 million net unrealized gains.

Refer to Note 17 - Other Comprehensive Income (Loss) in the Condensed Consolidated Financial Statements, for the components of Other Comprehensive Loss, Note 12 - Financial Instruments in the Condensed Consolidated Financial Statements, for additional information regarding unrealized (losses) gains, net, and Note 14 - Employee Benefit Plans in the Condensed Consolidated Financial Statements, for additional information regarding net changes in our defined benefit plans.

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(1) AOCL - Accumulated other comprehensive loss.

New Business Strategy

As disclosed in our 2020 Annual Report, in January 2021 we announced our intention to stand up our Software, Financing and Innovation businesses as separate units by 2022. At this stage, the operations and financial results for these units continue to be managed by and reported in our “go-to-market” (GTM) sales channels. We have begun the process of reorganizing these new units from the GTM units but we have not progressed to the point where we have discrete and complete financial information for these new businesses. Accordingly, the chief operating decision maker (CODM) and management continue to manage the Company’s operations, including the products and services from these units, through the GTM sales channels and as result, we continue to have one operating and reportable segment.

We expect that the business and financial information for these new units, as well as the operational management of these businesses, will continue to be refined and improved during 2021. Accordingly, a reassessment of our operating segments may be required later in 2021.

Capital Resources and Liquidity

Our first quarter financial results were impacted by COVID-19 related business closures and office building capacity restrictions. However, we believe we have sufficient liquidity to manage the business through the economic disruption caused by this pandemic:

- A majority of our business is contractually based and most of our bundled services contracts include not only a variable component linked to print volumes, but also a fixed minimum, which provides us with a continuing stream of operating cash flow.
- As of March 31, 2021, total cash, cash equivalents and restricted cash were $2,461 million and, apart from the restricted cash of $82 million, was readily accessible for use. We have access to an undrawn $1.8 billion Credit Facility that matures in August 2022.
- We have utilized a combination of capital markets financing and securitization to refinance all of our 2021 debt maturities, significantly reducing our near-term debt commitments and improving our liquidity.
- We continue to focus our efforts on incremental actions to prioritize and preserve cash as we manage through the pandemic. These actions include the use of available temporary government assistance measures and furlough programs and the reduction of discretionary spend such as near-term targeted marketing programs and the suspension of 401(k) matching contributions.

Cash Flow Analysis

The following summarizes our cash, cash equivalents and restricted cash:

(in millions)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	Change
Net cash provided by operating activities	$ 117	$ 173	$ (56)
Net cash used in investing activities	(17)	(214)	197
Net cash used in financing activities	(318)	(60)	(258)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(12)	(29)	17
Decrease in cash, cash equivalents and restricted cash	(230)	(130)	(100)
Cash, cash equivalents and restricted cash at beginning of period	2,691	2,795	(104)
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 2,461	$ 2,665	$ (204)

Cash Flows from Operating Activities

Net cash provided by operating activities was $117 million in first quarter 2021. The $56 million decrease in operating cash from the prior year period was primarily due to the following:

- $82 million decrease from lower accounts payable primarily due to decreased spending and the year-over-year timing of supplier and vendor payments.
- $74 million decrease from accounts receivable primarily due to a lower sequential revenue decrease as compared to the prior year partially offset by timing of collections.
- $56 million decrease from a lower net run-off of finance receivables due to an increased level of XFS lease originations for our XBS sales unit.
- $38 million decrease from derivatives primarily related to settlements of EUR/GBP derivative contracts reflecting the significant movements in rates year-over-year.
- $108 million increase from inventory primarily due to significant usage in 2020 as inventory levels increased with the onset of the COVID-19 pandemic.
- $72 million increase from accrued compensation primarily related to the year-over-year timing of employee incentive payments.

Cash Flows from Investing Activities

Net cash used in investing activities was $17 million in first quarter 2021. The $197 million change from the prior year period was primarily due to acquisitions of $193 million in the prior year compared to no acquisitions in the current year.

Cash Flows from Financing Activities

Net cash used in financing activities was $318 million in first quarter 2021. The $258 million increase in the use of cash from the prior year period was primarily due to the following:

- $162 million increase due to share repurchases in the current year compared to no share repurchases in the prior year.
- $97 million increase from net debt activity primarily due to payments of $94 million on secured financing arrangements in the current year compared to no payments in the prior year.

Cash, Cash Equivalents and Restricted Cash

Refer to Note 5 - Supplementary Financial Information in the Condensed Consolidated Financial Statements for additional information regarding Cash, cash equivalents and restricted cash.

Operating Leases

We have operating leases for real estate and vehicles in our domestic and international operations and certain equipment in our domestic operations. Additionally, we have identified embedded operating leases within certain supply chain contracts for warehouses, primarily within our domestic operations. Our leases have remaining terms of up to twelve years and a variety of renewal and/or termination options. As of March 31, 2021 and December 31, 2020, total operating liabilities were $310 million and $333 million, respectively.

Refer to Note 9 - Lessee in the Condensed Consolidated Financial Statements for additional information regarding our leases accounted under lessee accounting.

Debt and Customer Financing Activities

The following summarizes our debt:

(in millions)	March 31, 2021	December 31, 2020
Xerox Holdings Corporation	$ 1,500	$ 1,500
Xerox Corporation	2,200	2,200
Xerox - Other Subsidiaries[1]	673	767
Subtotal - Principal debt balance	4,373	4,467
Debt issuance costs		
Xerox Holdings Corporation	(12)	(13)
Xerox Corporation	(10)	(11)
Xerox - Other Subsidiaries[1]	(3)	(3)
Subtotal - Debt issuance costs	(25)	(27)
Net unamortized premium	3	3
Fair value adjustments[2]		
- terminated swaps	1	1
Total Debt	$ 4,352	$ 4,444

(1) Represents secured debt issued by subsidiaries of Xerox Corporation as part of the securitization of Finance Receivables - Refer to Note 11 - Debt in the Condensed Consolidated Financial Statements for additional information.
(2) Fair value adjustments normally 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.

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

Finance Assets and Related Debt

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

(in millions)	March 31, 2021	December 31, 2020
Total finance receivables, net[1]	$ 3,077	$ 3,165
Equipment on operating leases, net	277	296
Total Finance Assets, net[2]	$ 3,354	$ 3,461

(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, 2020 includes a decrease of $43 million due to currency.

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, 2021	December 31, 2020
Finance receivables debt[1]	$ 2,692	$ 2,769
Equipment on operating leases debt	243	259
Financing debt	2,935	3,028
Core debt	1,417	1,416
Total Debt	$ 4,352	$ 4,444

(1) Finance receivables debt is the basis for our calculation of "Cost of financing" expense in the Condensed Consolidated Statements of Income (Loss).

Sales of Accounts Receivable

Activity related to sales of accounts receivable is as follows:

	Three Months Ended March 31,	
(in millions)	2021	2020
Estimated decrease to operating cash flows[1]	$ (27)	$ (77)

(1) Represents the difference between current and prior period accounts receivable sales adjusted for the effects of currency.

Refer to Note 6 - Accounts Receivable, Net in the Condensed Consolidated Financial Statements for additional information regarding our accounts receivable sales arrangements.

Liquidity and Financial Flexibility

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

Our principal debt maturities are spread over the next five years as follows:

(in millions)	Xerox Holdings Corporation	Xerox Corporation	Xerox - Other Subsidiaries[1]	Total
2021 Q2	$ —	$ —	$ 107	$ 107
2021 Q3	—	—	101	101
2021 Q4	—	—	93	93
2022	—	300	289	589
2023	—	1,000	83	1,083
2024	—	300	—	300
2025	750	—	—	750
2026 and thereafter	750	600	—	1,350
Total[2]	$ 1,500	$ 2,200	$ 673	$ 4,373

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(1) Represents secured debt issued by subsidiaries of Xerox Corporation as part of securitization of Finance Receivables - Refer to Note 11 - Debt in the Condensed Consolidated Financial Statements for additional information.
(2) Includes fair value adjustments.

Treasury Stock

In the first quarter 2021 Xerox Holdings repurchased 6.7 million shares of our common stock for an aggregate cost of $162 million, including fees. The cumulative total of shares repurchased by Xerox Holdings under the current share repurchase program is 31.4 million shares for an aggregate cost of $762 million, including fees. As of March 31, 2021, the remaining share repurchase authorization is approximately $338 million.

Shared Services Arrangement with HCL Technologies

In March 2019, as part of Project Own It, Xerox entered into a shared services arrangement with HCL Technologies ("HCL") pursuant to which we transitioned certain global administrative and support functions, including, among others, selected information technology and finance functions, from Xerox to HCL. This transition was expected to be completed during 2020, however, it sustained some delays caused by the COVID-19 pandemic, and it is now expected to be finalized by the end of 2021. HCL is expected to make certain ongoing investments in software, tools and other technology to consolidate, optimize and automate the transferred functions with the goal of providing improved service levels and significant cost savings. The shared services arrangement with HCL includes a remaining aggregate spending commitment of approximately $1 billion over the next 5 years. However, we can terminate the arrangement at any time at our discretion, subject to payment of termination fees that decline over the term, or for cause.

We incurred net charges of approximately $50 million and $45 million during first quarter 2021 and 2020, respectively. The increase of approximately $5 million was primarily due to scope changes and currency. The cost has been allocated to the various functional expense lines in the Condensed Consolidated Statements of Income (Loss) based on an assessment of the nature and amount of the costs incurred for the various transferred functions prior to their transfer to HCL.

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 utilize derivative financial instruments 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, interest rate caps, 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 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 our financial results using the non-GAAP measures described below. We believe these non-GAAP measures allow investors to better understand the trends in our business and to better understand and compare our results. Accordingly, we believe it is necessary to adjust several reported amounts, determined in accordance with GAAP, to exclude the effects of certain items as well as their related income tax effects.

A reconciliation of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are set forth below as well as in the first quarter 2021 presentation slides available at www.xerox.com/investor.

These non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP.

Adjusted Earnings Measures

- Net Income (Loss) and EPS
- Effective Tax Rate

The above measures were adjusted for the following items:

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

Amortization of intangible assets: The amortization of intangible assets is driven by our acquisition activity which can vary in size, nature and timing as compared to other companies within our industry and from period to period. The use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods.

Transaction and related costs, net: Transaction and related costs, net are costs and expenses primarily associated with certain strategic M&A projects. These costs are primarily for third-party legal, accounting, consulting and other similar type professional services as well as potential legal settlements that may arise in connection with those M&A transactions. These costs are considered incremental to our normal operating charges and were incurred or are expected to be incurred solely as a result of the planned transactions. Accordingly, we are excluding these expenses from our Adjusted Earnings Measures in order to evaluate our performance on a comparable basis.

Non-service retirement-related costs: Our defined benefit pension and retiree health costs include several elements impacted by changes in plan assets and obligations that are primarily driven by changes in the debt and equity markets as well as those that are predominantly legacy in nature and related to employees who are no longer providing current service to the company (e.g. retirees and ex-employees). These elements include (i) interest cost, (ii) expected return on plan assets, (iii) amortization of prior plan amendments, (iv) amortized actuarial gains/losses and (v) the impacts of any plan settlements/curtailments. Accordingly, we consider these elements of our periodic retirement plan costs to be outside the operational performance of the business or legacy costs and not necessarily indicative of current or future cash flow requirements. This approach is consistent with the classification of these costs as non-operating in other expenses, net. Adjusted earnings will continue to include the service cost elements of our retirement costs, which is related to current employee service as well as the cost of our defined contribution plans.

Other discrete, unusual or infrequent items: We excluded the following item given its discrete, unusual or infrequent nature and its impact on our results for the period:

- Contract termination costs - IT services

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

Adjusted Operating Income and Margin

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

Constant Currency (CC)

Refer to "Currency Impact" for a discussion of this measure and its use in our analysis of revenue growth.

Summary

Management believes that all of these non-GAAP financial measures provide an additional means of analyzing the current period's results against the corresponding prior period's results. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the company's reported results prepared in accordance with GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our Condensed 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 (Loss) and EPS reconciliation:

	Three Months Ended March 31,			
	2021		2020	
(in millions, except per share amounts)	Net Income	EPS	Net (Loss) Income	EPS
Reported[1]	$ 39	$ 0.18	$ (2)	$ (0.03)
Adjustments:				
Restructuring and related costs, net	17		41	
Amortization of intangible assets	15		11	
Transaction and related costs, net	—		17	
Non-service retirement-related costs	(20)		1	
Contract termination costs - IT services	—		3	
Income tax on adjustments[2]	(4)		(21)	
Adjusted	$ 47	$ 0.22	$ 50	$ 0.21
Dividends on preferred stock used in adjusted EPS calculation[3]		$ 4		$ 4
Weighted average shares for adjusted EPS[3]		198		216
Fully diluted shares at March 31, 2021[4]		194		

(1) Net income (loss) and EPS attributable to Xerox Holdings.
(2) Refer to Effective Tax Rate reconciliation.
(3) Average shares for the calculation of adjusted diluted EPS for the three months ended March 31, 2021 and 2020 excludes 7 million shares associated with our Series A convertible preferred stock and therefore earnings include the preferred stock dividend. In addition, adjusted diluted EPS shares for 2020 include 4 million shares for potential dilutive common shares, which are not included in the GAAP EPS calculation since it was a loss.
(4) Represents common shares outstanding at March 31, 2021 plus potential dilutive common shares as used for the calculation of adjusted diluted EPS for the first quarter 2021. The amount excludes shares associated with our Series A convertible preferred stock as they were anti-dilutive for the first quarter 2021.

Effective Tax Rate reconciliation:

(in millions)	Three Months Ended March 31, 2021 Pre-Tax Income		2021 Income Tax Expense		2021 Effective Tax Rate	2020 Pre-Tax (Loss) Income		2020 Income Tax (Benefit) Expense		2020 Effective Tax Rate
Reported[(1)]	$	53	$	14	26.4 %	$	(5)	$	(1)	20.0 %
Non-GAAP Adjustments[(2)]		12		4			73		21	
Adjusted[(3)]	$	65	$	18	27.7 %	$	68	$	20	29.4 %

(1) *Pre-tax income (loss) and income tax expense (benefit).*
(2) *Refer to Net Income (Loss) and EPS reconciliation for details.*
(3) *The tax impact on Adjusted Pre-Tax Income (Loss) is calculated under the same accounting principles applied to the Reported Pre-Tax Income (Loss) under ASC 740, which employs an annual effective tax rate method to the results.*

Operating Income and Margin reconciliation:

(in millions)	Three Months Ended March 31, 2021 Profit		2021 Revenue		2021 Margin	2020 (Loss) Profit		2020 Revenue		2020 Margin
Reported[(1)]	$	53	$	1,710	3.1 %	$	(5)	$	1,860	(0.3)%
Adjustments:										
Restructuring and related costs, net		17					41			
Amortization of intangible assets		15					11			
Transaction and related costs, net		—					17			
Other expenses, net		4					23			
Adjusted	$	89	$	1,710	5.2 %	$	87	$	1,860	4.7 %

(1) *Pre-Tax Income (Loss)*

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the “Financial Risk Management” section 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

Xerox Holdings Corporation

The management of Xerox Holdings Corporation evaluated, with the participation of its principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of its 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, the principal executive officer and principal financial officer of Xerox Holdings Corporation have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures of Xerox Holdings Corporation were effective to ensure that information that is required to be disclosed in the reports that is filed or submitted 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 Holdings Corporation, including its consolidated subsidiaries, and was accumulated and communicated to the management of Xerox Holdings Corporation, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Xerox Corporation

The management of Xerox Corporation evaluated, with the participation of its principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of its 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, the principal executive officer and principal financial officer of Xerox Corporation have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures of Xerox Corporation were effective to ensure that information that is required to be disclosed in the reports that is filed or submitted 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 its consolidated subsidiaries, and was accumulated and communicated to the management of Xerox Corporation, 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

Xerox Holdings Corporation

As required by paragraph (d) of Rule 13a-15 under the Exchange Act, we evaluated changes in our internal control over financial reporting during the last fiscal quarter. There were no changes identified in our internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Xerox Corporation

As required by paragraph (d) of Rule 13a-15 under the Exchange Act, we evaluated changes in our internal control over financial reporting during the last fiscal quarter. There were no changes identified in our internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are 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 19 – Contingencies and Litigation in the 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 the combined Xerox Holdings Corporation and Xerox Corporation Annual Report on Form 10-K for the year ended December 31, 2020.

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

(a) Sales of Unregistered Securities during the Quarter ended March 31, 2021

During the quarter ended March 31, 2021, Xerox Holdings Corporation 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 January 29, 2021: Xerox Holdings Corporation issued 1,947 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 Xerox Holdings Corporation: Jonathan Christodoro, Keith Cozza, Joseph J. Echevarria, Nicholas Graziano, Cheryl Gordon Krongard and Scott Letier.

(c) The DSUs were issued at a deemed purchase price of $22.995 per DSU (aggregate price $44,771), based upon the market value on the date of record, in payment of the dividend equivalents due to DSU holders pursuant to Xerox Holdings Corporation's 2004 Equity Compensation Plan for Non-Employee Directors (as amended and restated in 2019 (the 2019 Restatement)).

(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, 2021

In January 2021, the Xerox Holdings Corporation's Board of Directors authorized an additional $100 million of share repurchase authority, bringing the total authorization of the already existing share repurchase program to $1.1 billion (excluding fees and expenses).

Repurchases of Xerox Holdings Corporation's 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]
January 1 through 31	—	$ —	—	$500,450,199
February 1 through 28	3,698,545	23.67	3,698,545	412,918,420
March 1 through 31	3,005,520	24.86	3,005,520	338,195,131
Total	6,704,065		6,704,065	

(1) Exclusive of fees and expenses.

(2) Of the $1.1 billion of share repurchase authority previously granted by Xerox Holdings Corporation's Board of Directors, exclusive of fees and expenses, approximately $762 million has been used through March 31, 2021. Repurchases may be made on the open market, or through derivative or negotiated contracts. 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 Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 1 through 31	168,032	$ 23.00	n/a	n/a
February 1 through 28	498	23.35	n/a	n/a
March 1 through 31	646	24.97	n/a	n/a
Total	169,176			

(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 expenses.

ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 — MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 — OTHER INFORMATION

None.

ITEM 6 — EXHIBITS

4.1	Registration Rights Agreement dated April 29, 2021 between Xerox Holdings Corporation and the Icahn Group and the Deason Group.
10.1	Nomination and Standstill Agreement dated as of January 26, 2021 by and among Xerox Holdings Corporation, Carl C. Icahn and the other parties named therein.
	Incorporated by reference to Exhibit 10.1 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated January 26, 2021. See SEC file numbers 001-39013 and 001-04471.
10.2	Nomination and Standstill Agreement dated as of January 26, 2021 by and among Xerox Holdings Corporation and Darwin Deason.
	Incorporated by reference to Exhibit 10.2 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated January 26, 2021. See SEC file numbers 001-39013 and 001-04471.
10.3	Officer Severance Program, as amended and restated effective February 17, 2021.
	Incorporated by reference to Exhibit 10(a)(3) to Xerox Holdings Corporation's and Xerox Corporation's combined Annual Report on Form 10-K for the year ended December 31, 2020. See SEC file numbers 001-39013 and 001-04471.
10.4	Form of Leadership Retention Award under Xerox Holdings Corporation Performance Incentive Plan ("XHCPIP").
	Incorporated by reference to Exhibit 10(f)(9) to Xerox Holdings Corporation's and Xerox Corporation's combined Annual Report on Form 10-K for the year ended December 31, 2020. See SEC file numbers 001-39013 and 001-04471.
10.5	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; RSUs (2-year ratable 50/50).
	Incorporated by reference to Exhibit 10(f)(10) to Xerox Holdings Corporation's and Xerox Corporation's combined Annual Report on Form 10-K for the year ended December 31, 2020. See SEC file numbers 001-39013 and 001-04471.
10.6	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; RSUs (3-year ratable 33/33/34).
	Incorporated by reference to Exhibit 10(f)(11) to Xerox Holdings Corporation's and Xerox Corporation's combined Annual Report on Form 10-K for the year ended December 31, 2020. See SEC file numbers 001-39013 and 001-04471.
10.7	Management Incentive Plan for 2021.
	Incorporated by reference to Exhibit 10(f)(14) to Xerox Holdings Corporation's and Xerox Corporation's combined Annual Report on Form 10-K for the year ended December 31, 2020. See SEC file numbers 001-39013 and 001-04471.

10.8	Performance elements for 2021 Executive Long-Term Incentive Program.
	Incorporated by reference to Exhibit 10(f)(15) to Xerox Holdings Corporation's and Xerox Corporation's combined Annual Report on Form 10-K for the year ended December 31, 2020. See SEC file numbers 001-39013 and 001-04471.
10.9	Form of Deferred Stock Unit (“DSU”) Agreement under Xerox Holdings Corporation Equity Compensation Plan for Non-Employee Directors.
10.10	Form of DSU Award Summary under Xerox Holdings Corporation Equity Compensation Plan for Non-Employee Directors.
10.11	Form of Restricted Stock Unit (“RSU”) Agreement under Xerox Holdings Corporation Equity Compensation Plan for Non-Employee Directors.
10.12	Form of RSU Award Summary under Xerox Holdings Corporation Equity Compensation Plan for Non-Employee Directors.
31(a)(1)	Certification of Xerox Holdings Corporation CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(a)(2)	Certification of Xerox Corporation CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)(1)	Certification of Xerox Holdings Corporation CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)(2)	Certification of Xerox Corporation CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32(a)	Certification of Xerox Holdings Corporation CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification of Xerox Corporation 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	The following financial information from Xerox Holdings Corporation and Xerox Corporation's combined Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 was formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Xerox Holdings Corporation Condensed Consolidated Statements of Income (Loss), (ii) Xerox Holdings Corporation Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) Xerox Holdings Corporation Condensed Consolidated Balance Sheets, (iv) Xerox Holdings Corporation Condensed Consolidated Statements of Cash Flows, (v) Xerox Corporation Condensed Consolidated Statements of Income (Loss), (vi) Xerox Corporation Condensed Consolidated Statements of Comprehensive Income (Loss), (vii) Xerox Corporation Condensed Consolidated Balance Sheets, (viii) Xerox Corporation Condensed Consolidated Statements of Cash Flows, and (ix) Notes to the Condensed Consolidated Financial Statements.
104	The cover page from this Quarterly Report on Form 10-Q, (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signatures for each undersigned shall be deemed to relate only to matters having reference to such company and its subsidiaries.

XEROX HOLDINGS CORPORATION
(Registrant)

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

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

Date: April 30, 2021

XEROX CORPORATION
(Registrant)

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

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

Date: April 30, 2021

EXHIBIT INDEX

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EXHIBIT 4.1

REGISTRATION RIGHTS AGREEMENT

BY AND AMONG

XEROX HOLDINGS CORPORATION

AND

THE PERSONS LISTED ON THE

SIGNATURE PAGES HEREOF

DATED AS OF APRIL ___, 2021

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of April ___, 2021, by and among Xerox Holdings Corporation ("Xerox") and the Holders (as hereinafter defined) of Registrable Securities (as hereinafter defined), including any Additional Holders (as hereinafter defined) who subsequently become parties to this Agreement in accordance with the terms of this Agreement.

Article I. DEFINITIONS

Section 1.01 Defined Terms.

As used in this Agreement, the following capitalized terms (in their singular and plural forms, as applicable) have the following meanings:

"Action" has the meaning assigned to such term in Section 7.03 hereof.

"Additional Holders" means any (i) Affiliate of any Holder or (ii) Permitted Assignee, in each case who, at any time and from time to time, owns Registrable Securities, and has agreed, in a writing delivered to Xerox (in a form and substance reasonably satisfactory to Xerox), to be bound by the terms hereof and thereby has become a Holder for purposes of this Agreement, all at the relevant time.

"Adverse Effect" has the meaning assigned to such term in Section 2.04 hereof.

"Affiliate" of a Person means any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such other Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning assigned to such term in the introductory paragraph to this Agreement, as the same may be amended, supplemented or restated from time to time.

"Bring-Down Suspension Notice" has the meaning assigned to such term in Section 5.02(b) hereof.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in the Borough of Manhattan, The City of New York are authorized or obligated by law or executive order to close.

"Commission" means the United States Securities and Exchange Commission and any successor United States federal agency or governmental authority having similar powers.

"Common Shares" means the shares of common stock, par value $1.00 per share, of Xerox, as authorized from time to time.

“Company Indemnified Person” has the meaning assigned to such term in Section 7.02 hereof.

“Deason Group” means the persons and entities listed on Schedule I (under the heading “Deason Group”) and their Affiliates.

“Deason Nomination and Standstill Agreement” means the Nomination and Standstill Agreement, dated January 26, 2021, by and among the Deason Group and Xerox.

“Deason Representative” means Darwin Deason or such other member of the Deason Group as may be designated at any time and from time to time by written notice from the Holders who are members of the Deason Group to Xerox in accordance with Section 10.01.

“Demand Registration” has the meaning assigned to such term in Section 2.01 hereof.

“Demand Request” has the meaning assigned to such term in Section 2.01 hereof.

“DTC” means The Depository Trust Company, or any successor thereto.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations of the Commission thereunder.

“FINRA” has the meaning assigned to such term in Section 6.01(n) hereof.

“Fund Indemnitors” has the meaning assigned to such term in Section 7.05(c) hereof.

“Holder” means any Person who is a member of the Icahn Group or the Deason Group (including any Additional Holder) who owns Registrable Securities at the relevant time and is or has become a party to this Agreement.

“Icahn Group” means the persons and entities listed on Schedule I (under the heading “Icahn Group”) and their Affiliates.

“Icahn Nomination and Standstill Agreement” means the Nomination and Standstill Agreement, dated January 26, 2021, by and among the Icahn Group and Xerox.

“Icahn Representative” means Icahn Partners LP or such other member of the Icahn Group as may be designated at any time and from time to time by written notice from the Holders who are members of the Icahn Group to Xerox in accordance with Section 10.01.

“Indemnified Person” has the meaning assigned to such term in Section 7.01 hereof.

“Indemnitee” has the meaning assigned to such term in Section 7.03 hereof.

“Inspectors” has the meaning assigned to such term in Section 6.01(k) hereof.

“Loss” and “Losses” have the meanings assigned to such terms in Section 7.01 hereof.

"Participating Holder" means any Holder on whose behalf Registrable Securities are registered pursuant to Articles II, III or IV hereof.

"Permitted Assignee" means any member of the Icahn Group or the Deason Group who receives Registrable Securities from a Holder or a Holder's Affiliates and who agrees to be bound by the terms hereof, in a writing delivered to Xerox (in a form and substance reasonably satisfactory to Xerox), and thereby has become a Holder for purposes of this Agreement.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Piggybacking Demand Holders" has the meaning assigned to such term in Section 3.02 hereof.

"Piggybacking Holders" has the meaning assigned to such term in Section 3.02 hereof.

"Piggybacking Thirty Party Holders" has the meaning assigned to such term in Section 3.02 hereof.

"Piggyback Registration" has the meaning assigned to such term in Section 3.01 hereof.

"Piggyback Request" has the meaning assigned to such term in Section 3.01 hereof.

"Prospectus" means the prospectus included in any Registration Statement, all amendments and supplements to such prospectus and all material incorporated by reference in such prospectus.

"Records" has the meaning assigned to such term in Section 6.01(k) hereof.

"register," "registered" and "registration" mean a registration effected by preparing and filing with the Commission a Registration Statement on an appropriate form in compliance with the Securities Act, and the declaration or order of the Commission of the effectiveness of such Registration Statement under the Securities Act.

"Registrable Securities" means (i) Common Shares and (ii) any securities that may be issued or distributed or be issuable in respect thereof, including by way of stock dividend, stock split or other similar distribution, payment in kind with respect to any interest payment, merger, consolidation, exchange offer, recapitalization or reclassification or similar transaction or exercise or conversion of any of the foregoing, in the case of each of foregoing clauses (i) and (ii) which are held by any of the Holders now or at any time in the future; provided, however, that as to any Registrable Securities, such securities shall cease to constitute "Registrable Securities" for purposes of this Agreement if and when (i) a Registration Statement with respect to the sale of such securities shall have been declared effective under the Securities Act and such securities shall have been disposed of pursuant such Registration Statement, (ii) such securities shall have been sold or disposed of pursuant to Rule 144, (iii) such securities are otherwise sold or transferred (other than in a transaction under clause (i) or (ii) above) by a Person in a transaction in which such Person's rights under this Agreement are not assigned, (iv) such securities are no longer outstanding or (v) such securities are, in the reasonable determination of the Holder thereof in consultation with Xerox and outside counsel, otherwise freely transferable by such Holder without any restriction under the Securities Act at the time such Holder consummates the sale or transfer of such securities.

"Registration Statement" means any registration statement of Xerox filed with, or to be filed with, the Commission under the rules and regulations promulgated under the Securities Act, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

"Requesting Holder(s)" has the meaning assigned to such term in Section 2.01 hereof.

"Rule 144" means Rule 144 (or any similar provision then in force) promulgated under the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations of the Commission thereunder.

"Shelf Registration Statement" has the meaning assigned to such term in Section 4.01 hereof.

"Suspension Notice" has the meaning assigned to such term in Section 5.02(b) hereof.

"Suspension Period" has the meaning assigned to such term in Section 5.02(a) hereof.

"Ten Percent Holder" means any Person (other than any member of the Icahn Group or the Deason Group) that beneficially owns, at the relevant time, at least 10% of the then outstanding Common Shares and is a party to a registration rights agreement with Xerox.

"Underwritten Offering" means a registration in which securities of Xerox are sold to an underwriter or underwriters on a firm commitment basis for reoffering to the public.

"Xerox" has the meaning assigned to such term in the introductory paragraph to this Agreement.

Section 1.02 General Interpretive Principles. Whenever used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders. The name assigned to this Agreement and the section captions used herein are for convenience of reference only and shall not be construed to affect the meaning, construction or effect hereof. Unless otherwise specified, the terms "hereof," "herein," "hereunder" and similar terms refer to this Agreement as a whole (including the exhibits and schedules hereto), and references herein to "Sections" refer to Sections of this Agreement. The words "include," "includes" and "including," when used in this Agreement, shall be deemed to be followed by the words "without limitation."

Article II. DEMAND REGISTRATION

Section 2.01 Demand Registration. Subject to the provisions contained in this Section 2.01 and in Sections 5.02 and 5.03 hereof, any Holder or group of Holders may, from time to time (each, a "Requesting Holder" and collectively, the "Requesting Holders"), make a request in writing (a "Demand Request") that Xerox effect the registration under the Securities Act of any specified number of shares of Registrable Securities held by the Requesting Holder(s) (a "Demand Registration"); provided, however, that Xerox shall in no event be required to effect:

(a) more than two (2) Demand Registrations from the Icahn Group in the aggregate and two (2) Demand Registrations from the Deason Group in the aggregate (in each case regardless of the number of Additional Holders or Permitted Assignees who may become a Holder hereunder);

(b) more than one (1) Demand Registration from either the Icahn Group or the Deason Group in any 18-month period; and

(c) any Demand Registration if the Shelf Registration Statement is then effective, and such Shelf Registration Statement may be utilized by the Requesting Holders for the offering and sale of all of their Registrable Securities without a requirement under the Commission's rules and regulations for a post-effective amendment thereto.

Subject to the provisions contained in this Section 2.01 and in Sections 5.02 and 5.03 hereof, upon receipt of a Demand Request, Xerox shall cause to be included in a Registration Statement on an appropriate form under the Securities Act, filed with the Commission as promptly as practicable but in any event not later than 75 days after receiving a Demand Request, such Registrable Securities as may be requested by such Requesting Holders in their Demand Request. Xerox shall use its reasonable efforts to cause any such Registration Statement to be declared effective under the Securities Act as promptly as possible after such filing.

Section 2.02 Effective Registration. A registration shall not count as a Demand Registration under this Agreement (i) unless the related Registration Statement has been declared effective under the Securities Act and has remained effective until such time as (x) all of such Registrable Securities covered thereby have been disposed of in accordance with the intended methods of disposition by the Participating Holders (but in no event for a period of more than 180 days after such Registration Statement becomes effective not including any Suspension Periods) or (y) a majority of the Registrable Securities covered thereby held by the Requesting Holders have been withdrawn or cancelled from such Demand Registration (other than as contemplated by the first sentence of Section 2.05); (ii) if, after a Registration Statement has become effective, an offering of Registrable Securities pursuant to such Registration Statement is terminated by any stop order, injunction, or other order of the Commission or other governmental agency or court, unless and until (x) such stop order or injunction is removed, rescinded or otherwise terminated, (y) any Requesting Holder thereafter elects, in its sole discretion, to continue the offering and (z) the related Registration Statement remains effective until the time periods specified in subclauses (x) and (y) of clause (i) above; or (iii) if pursuant to Section 2.04 hereof, the Requesting Holders are cut back to fewer than 75% of the Registrable Securities requested to be registered in the aggregate and at the time of the request there was not in effect the Shelf Registration Statement.

Section 2.03 Underwritten Offerings. If any Requesting Holder in the case of an offering pursuant to a Demand Registration so elects in the applicable Demand Request, such offering shall be in the form of an Underwritten Offering. With respect to any such Underwritten Offering pursuant to a Demand Registration, Xerox shall select an investment banking firm of national standing to be the managing underwriter for the offering, which firm shall be reasonably acceptable to the Requesting Holders and any Piggybacking Demand Holder.

Section 2.04 Priority on Demand Registrations. With respect to any Demand Registration (including any Underwritten Offering of Registrable Securities pursuant to a Demand Registration), no securities to be sold for the account of any Person (including Xerox) other than the Requesting Holders and any Piggybacking Demand Holder who has exercised a Piggyback Request under Section 3.01 to participate in such Demand Registration shall be included in a Demand Registration; provided that securities to be sold for the account of Xerox and any Ten Percent Holder may be included in such Demand Registration if, and only if, the managing underwriter advises the Requesting Holders and Xerox in writing (or, in the case of a Demand Registration not being underwritten, the Requesting Holders determine in good faith after considering the relevant facts and circumstances at the relevant time) that the inclusion of such securities shall not adversely affect the price or success of the offering by the Requesting Holders and any Piggybacking Demand Holder (an "Adverse Effect"). Furthermore, in the event that the managing underwriter advises the Requesting Holders in writing (or the Requesting Holders determine, as applicable, in good faith after considering the relevant facts and circumstances at the relevant time) that the amount of Registrable Securities proposed to be included in such Demand Registration by the Requesting Holders and Piggybacking Demand Holders is sufficiently large (even after exclusion of all securities proposed to be sold for the account of Xerox or any Ten Percent Holder pursuant to the immediately preceding sentence) to cause an Adverse Effect, the number of Registrable Securities to be included in such Demand Registration shall be allocated among all such Requesting Holders and Piggybacking Demand Holders pro rata for each Holder based on the percentage derived by dividing (i) the number of Registrable Securities that each such Holder requested to be included in such Demand Registration by (ii) the aggregate number of Registrable Securities that all Requesting Holders and Piggybacking Demand Holders requested to be included in such Demand Registration; provided, however, that if, as a result of such proration, any Requesting Holder or Piggybacking Demand Holder shall not be entitled to include in a registration all Registrable Securities of the class or series that such Holder had requested to be included, such Holder may elect to withdraw its request to include such Registrable Securities in such registration or may reduce the number requested to be included; provided, however, that (a) such request must be made in writing prior to the earlier of the execution of the underwriting agreement, if any, or the execution of the custody agreement with respect to such registration, if any, and (b) such withdrawal or reduction shall be irrevocable.

Section 2.05 Withdrawal and Cancellation of Registration. Any Participating Holder may withdraw its Registrable Securities from a Demand Registration at any time and any Requesting Holders shall have the right to cancel a proposed Demand Registration of Registrable Securities pursuant to this Article II in accordance with the first sentence of Section 3.03 hereof (i) when the request for cancellation is based upon material adverse information relating to Xerox that none of the members of the Icahn Group (to the extent the Icahn Group is the Requesting Holder) or the Deason Group (to the extent the Deason Group is the Requesting Holder) were aware of at the time of the Demand Request (including, for the avoidance of doubt, material adverse information that is materially different from the information that the Icahn Group or the Deason Group, as applicable, was aware of at the time of the Demand Request), (ii) if a Suspension Period occurs after a Demand Request but before the Registrable Securities covered by such Demand Request are sold, transferred, exchanged or disposed of in accordance with such Demand Request, or (iii) if Xerox has breached its obligations hereunder with respect to such Demand Registration and such breach has caused, or would reasonably be expected to cause, an Adverse Effect. Upon such cancellation, Xerox shall cease all efforts to secure registration with respect to Registrable Securities of Participating Holders and such Demand Registration shall not be counted as a Demand Registration under this Agreement for any purpose; provided, however, that notwithstanding anything to the contrary in this Agreement, Xerox shall be responsible for the expenses of the Participating Holders incurred in connection with such cancelled registration through the date that is two (2) Business Days after the date on which any Participating Holders (X) had a right to cancel pursuant to the foregoing clauses (i) or (ii), or (Y) became aware of their right to cancel pursuant to the foregoing clause (iii), in each of clauses (X) and (Y) to the extent such expenses are as described in clauses (i) through (viii) of the first sentence of Article VIII hereof. Any expense reimbursement paid pursuant to clause (Y) of the immediately preceding sentence shall be in addition to any other remedy to which the Participating Holders may be entitled in law or in equity (but, for the avoidance of doubt, the Participating Holders may not recover the same expense twice).

Section 2.06 Registration Statement Form. Registrations under this Article II shall be on such appropriate registration form of the Commission then applicable to Xerox (i) as shall be selected by Xerox and as shall be reasonably acceptable to the Requesting Holders and any Piggybacking Demand Holders and (ii) as shall permit the disposition of the Registrable Securities in accordance with the intended method or methods of disposition specified in the applicable Holders' requests for such registration. Notwithstanding the foregoing, if, pursuant to a Demand Registration, (x) Xerox proposes to effect registration by filing a registration statement on Form S-3 (or any successor or similar short-form registration statement), (y) such registration is in connection with an Underwritten Offering and (z) the managing underwriter shall advise Xerox in writing that, in its or their opinion, the use of another form of registration statement (or the inclusion, rather than the incorporation by reference, of information in the Prospectus related to a registration statement on Form S-3 (or other short-form registration statement)) is of material importance to the success of such proposed offering, then such registration shall be effected on such other form (or such information shall be so included in such Prospectus).

Article III. PIGGYBACK REGISTRATIONS

Section 3.01 Holder Piggyback Registration. If Xerox proposes to file a Registration Statement (including, for the avoidance of doubt, a shelf registration statement or amendment or supplement thereto) with respect to an offering of Common Shares, or securities convertible into or exchangeable for Common Shares, for its own account or for the account of securityholders (including a Requesting Holder under Article II) of Xerox (except registrations on Form S-4 or any successor form, registrations on Form S-8 or any successor form relating solely to securities issued pursuant to any benefit plan, an offering of securities solely to employees, directors, or then existing securityholders of Xerox, a dividend reinvestment plan or an exchange offer) on a form that would permit registration of Registrable Securities for sale to the public under the Securities Act, then Xerox shall promptly give written notice of such proposed filing to the Holders (other than the Requesting Holder to the extent the Registration Statement relates to a Demand Registration under Article II) not less than 15 days before the anticipated filing date, describing in reasonable detail the proposed registration (including the number and class or series of securities proposed to be registered, the proposed date of filing of such Registration Statement, any proposed means of distribution of such securities, any proposed managing underwriter of such securities and a good faith estimate by Xerox of the proposed offering price or range of offering prices), and offering such Holders the opportunity to register such number of Registrable Securities of the same class as those being registered under such Registration Statement as each such Holder may request in writing (each a "Piggyback Registration"). Subject to Sections 5.02 and 5.03 hereof, upon the written request of any such Holder (a "Piggyback Request"), received by Xerox no later than ten (10) Business Days after receipt by such Holder of the notice sent by Xerox, to register, on the same terms and conditions as the same class of securities otherwise being sold pursuant to such registration, any of such Holder's Registrable Securities of the same class as those being registered (which request shall state the intended method of disposition thereof if the securities otherwise being sold are being sold by more than one method of disposition), Xerox shall use its reasonable efforts to cause such Registrable Securities as to which registration shall have been so requested to be included in the Registration Statement proposed to be filed by Xerox on the same terms and conditions as the same class of securities otherwise being sold pursuant to such registration. If any Holder does not deliver a notice within ten (10) Business Days after receipt by such Holder of the notice sent by Xerox, such Holder shall be deemed to have irrevocably waived any and all rights under this Section 3.01 with respect to such Registration (but not with respect to future Registrations in accordance with this Section 3.01). Notwithstanding the foregoing, Xerox may at any time, in its sole discretion, without the consent of any other Holder, delay or abandon the proposed offering in which any Holder had requested to participate pursuant to this Section 3.01 or cease the filing (or obtaining or maintaining the effectiveness) of or withdraw the related Registration Statement or other governmental approvals, registrations or qualifications. In such event, Xerox shall so notify each Holder that had notified Xerox in accordance with this Section 3.01 of its intention to participate in such offering and Xerox shall incur no liability for its failure to complete any such offering; provided, however, that in the event Xerox has initiated the offering for its own account, Xerox shall pay all documented expenses incurred by a Holder in connection with such delayed, abandoned or cancelled registration to the extent such expenses are described in clauses (i) through (viii) of the first sentence of Article VIII hereof.

Section 3.02 Priority on Piggyback Registrations. If the managing underwriter for a Piggyback Registration effected by means of an Underwritten Offering (or in the case of a Piggyback Registration not being underwritten, Xerox, in good faith) advises the Holders in writing that, in its or their good faith judgment, the inclusion of the Registrable Securities and securities proposed to be included by Holders who have elected to participate pursuant to Section 3.01 ("Piggybacking Demand Holders") and any other Persons who have elected to participate in such offering pursuant to written agreements with Xerox ("Piggybacking Third Party Holders" and, together with any Piggybacking Demand Holders, "Piggybacking Holders") and proposed to be included by Xerox, would cause an Adverse Effect, then Xerox shall be obligated to include in such Registration Statement only that number of Registrable Securities which, in the judgment of the managing underwriter (or Xerox in good faith, as applicable), would not have an Adverse Effect, in the priority listed below:

(a) if the registration is undertaken for Xerox's account: (x) first, the securities that Xerox desires to include, and (y) second, only if all of the securities referred to in clause (x) have been included, the securities (or, in the case of a Holder, the Registrable Securities) proposed to be included by the Piggybacking Holders. Any reduction in the number of securities to be included in a Registration Statement pursuant to the foregoing clause (y) shall be effected by allocating the number of securities to be included (after including securities contemplated by clause (x)) among all the Piggybacking Holders based for each such Piggybacking Holder on the percentage derived by dividing (i) the aggregate number of Common Shares that such Piggybacking Holder holds by (ii) the total number of Common Shares that all such Piggybacking Holders hold in the aggregate;

(b) if the registration is undertaken at the demand of a securityholder of Xerox (other than the Holders), (x) first, the securities that the demanding securityholder desires to include, and (y) second, only if all of the securities referred to in clause (x) have been included, the securities (or in the case of Holders, the Registrable Securities) proposed to be included by the Piggybacking Holders and by Xerox. Any reduction in the number of securities to be included in a Registration Statement pursuant to the foregoing clause (y) shall be effected by allocating the number of securities to be included (after including securities contemplated by clause (x)) among the Piggybacking Holders based for each such Piggybacking Holder on the percentage derived by dividing (i) the aggregate number of Common Shares that such Piggybacking Holder holds by (ii) the total number of Common Shares that all such Piggybacking Holders hold in the aggregate; provided, however, that Xerox shall be entitled to participate on a pro rata basis up to the sum of the number of securities allocated to the Piggybacking Holders pursuant to this sentence, unless the managing underwriter (or in the case of a Piggyback Registration not being underwritten, Xerox, in good faith) determines that inclusion of additional securities by Xerox above such amount would not cause an Adverse Effect; and

(c) if the registration is undertaken at the demand of a Requesting Holder, (x) first, the securities that the Requesting Holder and any Piggybacking Demand Holders desire to include, which shall be allocated among such Holders on a pro rata basis in proportion to the number of Registrable Securities held by such Holders, and (y) second, only if all of the securities referred to in clause (x) have been included, the securities proposed to be included by the Piggybacking Third Party Holders and by Xerox. Any reduction in the number of securities to be included in a Registration Statement pursuant to the foregoing clause (y) shall be effected by allocating the number of securities to be included (after including securities contemplated by clause (x)) among the Piggybacking Third Party Holders based for each such Piggybacking Third Party Holder on the percentage derived by dividing (i) the aggregate number of Common Shares that such Piggybacking Third Party Holder holds by (ii) the total number of Common Shares that all such Piggybacking Third Party Holders hold in the aggregate; provided, however, that Xerox shall be entitled to participate on a pro rata basis up to the sum of the number of securities allocated to the Piggybacking Third Party Holders pursuant to this sentence, unless the managing underwriter (or in the case of a Piggyback Registration not being underwritten, Xerox, in good faith) determines that inclusion of additional securities by Xerox above such amount would not cause an Adverse Effect.

Section 3.03 Withdrawals. Each Holder shall have the right to withdraw its request for inclusion of all or any of its Registrable Securities in any Registration Statement pursuant to this Article III by giving written notice to Xerox of its request to withdraw; provided, however, that (i) such request must be made in writing at least one Business Day prior to the execution of the underwriting agreement with respect to such registration or, in the case of a non-underwritten offering, the effective date of the Registration Statement or applicable prospectus supplement pertaining to such offering and (ii) such withdrawal shall be irrevocable and, after making such withdrawal, the Holder shall no longer have any right to include Registrable Securities in the offering with respect to which such withdrawal was made. In the event that a Holder withdraws and (i) the request for withdrawal is based upon material adverse information relating to Xerox that none of the members of the Icahn Group or the Deason Group making such Piggyback Request, as applicable, were aware of at the time of such Holder's Piggyback Request (including, for the avoidance of doubt, material adverse information that is materially different from the information that the Icahn Group or the Deason Group, as applicable, was aware of at the time of the Piggyback Request), (ii) if a Suspension Period occurs after such Piggyback Request but before the Registrable Securities covered by such Piggyback Request are sold, transferred, exchanged or disposed of in accordance with such Piggyback Request, or (iii) if Xerox has breached its obligations hereunder with respect to such Piggyback Registration and such breach has caused, or would reasonably be expected to cause, an Adverse Effect, then Xerox shall pay all expenses incurred by a Holder in connection with such cancelled registration through the date that is two (2) Business Days after the date on which any Participating Holders (X) had a right to withdraw pursuant to the foregoing clauses (i) or (ii), or (Y) became aware of their right to withdraw pursuant to the foregoing clause (iii), in each of clauses (X) and (Y) to the extent such expenses are as described in clauses (i) through (viii) of the first sentence of Article VIII hereof. Any expense reimbursement paid pursuant to clause (Y) of the immediately preceding sentence shall be in addition to any other remedy to which the Participating Holders may be entitled in law or in equity (but, for the avoidance of doubt, the Participating Holders may not recover the same expense twice).

Section3.04 Underwritten Offerings.

(a) In connection with the exercise of any registration rights granted to Holders pursuant to this Article III, if the registration is to be effected by means of an Underwritten Offering, Xerox may condition participation in such registration by any such Holder upon inclusion of the Registrable Securities being so registered in such underwriting and such Holder's entering into an underwriting agreement pursuant to Section 6.02(d) hereof.

(b) With respect to any offering of Registrable Securities in the form of an Underwritten Offering in which Holders elect to participate pursuant to this Article III, Xerox shall select an investment banking firm of national standing to be the managing underwriter for the offering.

Article IV. SHELF REGISTRATION

Section 4.01 Shelf Registration Filing. Subject to Sections 5.02 and 5.03 hereof, within sixty (60) days following a written request by a Holder (a "Shelf Request"), Xerox shall file with the Commission, and use its reasonable efforts to have declared effective as soon as practicable, a Registration Statement (the "Shelf Registration Statement") relating to the offer and sale of all of the Registrable Securities held by the Holders to the public from time to time, on a delayed or continuous basis. Subject to Section 4.03(c) hereof, any Shelf Registration Statement may be a universal shelf registration statement that relates to the offer and sale of Xerox securities other than Registrable Securities. Any registration effected pursuant this Section 4.01 shall not be deemed to constitute a Demand Registration. The Shelf Registration Statement shall specify the intended method of distribution of the subject Registrable Securities. Xerox shall file the Shelf Registration Statement on Form S-3 or, if Xerox or the offering of the Registrable Securities does not satisfy the requirements for use of such form, such other form as may be appropriate; provided, however, that if the Shelf Registration Statement is not filed on Form S-3, Xerox shall, promptly upon meeting the requirements for use of such form, file an appropriate amendment to the Shelf Registration Statement to convert it to Form S-3.

Section 4.02 Required Period and Shelf Registration Procedures. Subject to Section 4.01 and to any Suspension Period(s) referred to below, Xerox shall (i) cause the Shelf Registration Statement to include a resale Prospectus intended to permit each Holder to sell, at such Holder's election, all or part of the applicable class or series of Registrable Securities held by such Holder without restriction under the Securities Act, (ii) use its reasonable efforts to prepare and file with the Commission such supplements, amendments and post-effective amendments to such Shelf Registration Statement as may be necessary to keep such Shelf Registration Statement continuously effective for so long as the securities registered thereunder constitute Registrable Securities, and (iii) use its reasonable efforts to cause the resale Prospectus to be supplemented by any Prospectus supplement required in order for such Holders to sell their Registrable Securities without restriction under the Securities Act.

Section 4.03 Underwritten Shelf Offerings.

(a) Subject to Section 4.03(b), if the Holders who are included in any offering pursuant to a Shelf Registration Statement so elect, and such Holders have requested to include at least 5,000,000 Registrable Securities (as adjusted for any stock splits, stock dividends, combinations, reorganizations or similar events) owned by them in such offering, then the Holders may elect to conduct such offering in the form of an Underwritten Offering and the terms of this Article IV shall otherwise apply with respect to such Underwritten Offering on such Shelf Registration Statement. With respect to any such qualifying Underwritten Offering, Xerox shall select an investment banking firm of national standing to be the managing underwriter for the offering, which firm shall be reasonably acceptable to the Participating Holders.

(b) Notwithstanding Sections 4.01 and 4.03(a), subject to Xerox's compliance with its obligations under Article III hereof, Xerox shall not be obligated to take any action (including, for the avoidance of doubt, filing a Shelf Registration Statement or amendment thereto) to effect an Underwritten Offering on a Shelf Registration Statement and no Holder shall sell, or offer to sell, any Registrable Securities in any Underwritten Offering requested pursuant to Section 4.03(a) if, within the 30-day period prior to any election by a Holder pursuant to Section 4.03(a), Xerox has issued a notice to the Holders pursuant to Section 3.01 hereof of a proposed registered Underwritten Offering of Common Shares for its own account, which Xerox continues in good faith to pursue such registered Underwritten Offering until the earliest to occur of: (A) the abandonment, cessation or withdrawal of such Underwritten Offering; (B) 90 days following the effective date of the prospectus supplement pertaining to such Underwritten Offering; or (C) the date that all of the Common Shares covered thereby have been disposed of in accordance with the intended methods of disposition. If Xerox issues a notice of a proposed Underwritten Offering of Common Shares for its own account pursuant to Section 3.01 hereof and subsequently abandons, ceases or withdraws such Underwritten Offering, any notice thereafter issued by Xerox of a subsequent proposed Underwritten Offering of Common Shares for its own account pursuant to Section 3.01 hereof shall not pre-empt Xerox's obligations pursuant to Sections 4.01 or 4.03(a) or restrict the Holders' rights to sell, or offer to sell, any Registrable Securities in any Underwritten Offering requested pursuant to Sections 4.01 or 4.03(a) during the 30-day period commencing on the day immediately following the date that the Icahn Group and the Deason Group receive notice from Xerox of such abandonment, cessation or withdrawal of such Underwritten Offering.

(c) With respect to any Underwritten Offering of Registrable Securities on a Shelf Registration Statement initiated by the Holders pursuant to Section 4.03(a) hereof, no securities to be sold for the account of any Person (including Xerox) other than the Holders shall be included in such Underwritten Offering; provided that securities to be sold for the account of Xerox and any Ten Percent Holder may be included in such Shelf Registration Statement if, and only if, the managing underwriter advises the Holders and

Xerox in writing that the inclusion of such securities would not have an Adverse Effect on such Underwritten Offering.

Article V. STANDSTILL AND SUSPENSION PERIODS

Section 5.01 Xerox Standstill Period. Subject to Sections 2.04 and 4.03(c), in the event of (i) any Demand Registration pursuant to Section 2.01 hereof in which the Requesting Holders and any Piggybacking Demand Holders are registering more than 5,000,000 Registrable Securities (as adjusted for any stock splits, stock dividends, combinations, reorganizations or similar events) in the aggregate, (ii) any Underwritten Offering pursuant to Section 2.03 hereof or (iii) any Underwritten Offering on a Shelf Registration Statement pursuant to Section 4.03(a) hereof, Xerox agrees not to, without the prior written consent of the Holders, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, in each case for its own account, any securities that are the same as, or similar to, such Registrable Securities, or any securities convertible into, or exchangeable or exercisable for, any securities of Xerox that are the same as, or similar to, such Registrable Securities (except pursuant to registrations on Form S-4 or any successor form, or otherwise in connection with the acquisition of a business or assets of a business, a merger, or an exchange offer for the securities of the issuer or another entity, or pursuant to a Xerox dividend reinvestment plan, or for issuances of securities pursuant to the conversion, exchange or exercise of then-outstanding convertible or exchangeable securities, options, rights or warrants, or pursuant to registrations on Form S-8 or any successor form or otherwise relating solely to securities offered pursuant to any benefit plan), (x) in the case of any Demand Registration pursuant to Section 2.01 in which the Requesting Holders and Piggybacking Demand Holders are registering more than 5,000,000 Registrable Securities (as adjusted for any stock splits, stock dividends, combinations, reorganizations or similar events) in the aggregate or any Underwritten Offering pursuant to Section 2.04, during the ninety (90) day period (not including any Suspension Periods) commencing on the date of delivery of a Demand Request to Xerox by a Requesting Holder or, if earlier, the date that all of such Registrable Securities covered thereby have been disposed of in accordance with the intended methods of disposition by the Participating Holders or the abandonment, cessation or withdrawal of such offering by all the Requesting Holders, and (y) in the case of an Underwritten Offering on a Shelf Registration Statement pursuant to Section 4.03(a) hereof, during the ninety (90) day period (not including any Suspension Periods) commencing on the effective date of the prospectus supplement pertaining to such Underwritten Offering or, if earlier, the date that all of such Registrable Securities covered thereby have been disposed of in accordance with the intended methods of disposition by the Participating Holders or the abandonment, cessation or withdrawal of such Underwritten Offering by all the Requesting Holders.

Section 5.02 Suspension Period.

(a) Xerox shall not be required to use reasonable efforts to cause a Registration Statement to be filed pursuant to this Agreement or to be declared effective, or to keep current any Registration Statement or file any prospectus supplement or amendment (other than as required by the periodic report and proxy statement disclosure requirements of the Securities Exchange Act of 1934, including Sections 13 or 15(d) thereof and Forms 10-K, 10-Q, 8-K or 14A thereunder), or permit Holders to sell or transfer securities thereunder, if Xerox possesses material non-public information and determines in good faith that it need not otherwise make such disclosure or filing; provided that at all times Xerox continues in good faith to make public disclosures so as to continue and comply with its past practice with respect to the non-disclosure of material non-public information. In furtherance of and pursuant to the last proviso of the preceding sentence and following public disclosure by Xerox, at such time as Xerox no longer possesses material non-public information regarding Xerox, the Suspension Period (as defined below) shall immediately terminate. Any period during which the Holders are prohibited from effecting sales or Xerox exercises its rights in each case pursuant to this Section 5.02(a) shall constitute a "Suspension Period."

(b) Each Holder agrees that, upon receipt of a written notice from Xerox of a Suspension Period (a "Suspension Notice"), such Holder shall forthwith discontinue any disposition of Registrable Securities pursuant to any Registration Statement until such Holder's receipt of a notice from Xerox to the effect that such Suspension Period has terminated. On the last day of any thirty (30) day period following delivery of the Suspension Notice during which the Suspension Period remains in effect, Xerox shall deliver a written notice to the Icahn Representative and the Deason Representative that the Suspension Period remains in effect (a "Bring-Down Suspension Notice"). Any Suspension Notice or Bring-Down Suspension Notice shall (i) be signed by the Chief Executive Officer, Chief Financial Officer, General Counsel, President or any Vice President of Xerox and (ii) provide that, as of the date of such Suspension Notice or Bring-Down Suspension Notice, as the case may be, Xerox (a) possesses material non-public information, (b) has determined in good faith that it need not publicly disclose such material non-public information and (c) has continued in good faith to make public disclosures so as to continue and comply with its past practice with respect to the non-disclosure of material non-public information. If so directed by Xerox, such Holder shall deliver to Xerox (at Xerox's expense) all copies, other than permanent file copies, then in such Holder's possession, of the most recent Prospectus covering such Registrable Securities at the time of receipt of such Suspension Notice. Xerox covenants and agrees that it shall not deliver a Suspension Notice with respect to a Suspension Period unless all Xerox employees, officers and directors who are subject to Xerox's Insider Trading Compliance Policy, and who are prohibited by the terms thereof from effecting any public sales of securities of Xerox beneficially owned by them, are so prohibited for the duration of such Suspension Period. In the event of a Suspension Notice, Xerox shall, promptly after such time as it no longer possesses material non-public information that it has determined in good faith need not otherwise be disclosed, provide notice to all Holders that the Suspension Period has ended, and take any and all actions necessary or desirable to give effect to any Holders' rights under this Agreement that may have been affected by such notice, including the Holders' Demand Registration rights and rights with respect to the Shelf Registration Statement.

(c) During any time that any member of the Icahn Group possesses material, non-public information with respect to Xerox, no Holder who is a member of the Icahn Group may effect any sales under any Registration Statement of Xerox. During any time that any member of the Deason Group possesses material, non-public information with respect to Xerox, no Holder who is a member of the Deason Group may effect any sales under any Registration Statement of Xerox.

Section 5.03 Holder Standstill Period. Each Holder of Registrable Securities (whether or not such Registrable Securities are covered by the Shelf Registration Statement or by a Registration Statement filed pursuant to Section 2.01 or 3.01 hereof) agrees to enter into a customary lock-up agreement with the managing underwriter for any Underwritten Offering of Xerox's securities for its own account with respect to the same class or series of securities being registered pursuant to such Registration Statement, containing terms reasonably acceptable to such managing underwriter, covering the period commencing 15 days prior to the effective date of the Registration Statement or, if applicable, the prospectus supplement, pertaining to such Underwritten Offering relating to such securities of Xerox and ending on the 90th day after such effective date (or such other period as shall have been agreed to by Xerox's executive officers and directors in their respective lock-up agreements); provided, however, that the obligations of each Holder under this Section 5.03 shall apply only: (i) if such Holder shall be afforded the right (whether or not exercised by the Holder) to include Registrable Securities in such Underwritten Offering in accordance with and subject to the provisions of Article III hereof; (ii) to the extent that each of Xerox's executive officers, directors and Ten Percent Holders enter into lock-up agreements with such managing underwriter, which agreements shall not contain terms more favorable to such executive officers, directors or Ten Percent Holders than those contained in the lock-up agreement entered into by such Holder; and (iii) if the aggregate restriction periods in such Holder's lock-up agreements entered into pursuant to this Section 5.03 shall not exceed an aggregate of 180 days during any 365-day period.

Article VI. REGISTRATION PROCEDURES

Section 6.01 Xerox Obligations. Whenever Xerox is required pursuant to this Agreement to register Registrable Securities, it shall (it being understood and agreed that except as otherwise expressly set forth in this Article VI, if any other provision of this Agreement is more favorable to the Holders than the provisions of this Article VI, such other provision shall apply):

(a) provide the Participating Holders and their respective counsel with a reasonable opportunity to review, and comment on, any Registration Statement to be prepared and filed pursuant to this Agreement prior to the filing thereof with the Commission, and make all changes thereto as any Participating Holder may reasonably request in writing to the extent such changes are required, in the reasonable judgment of Xerox's counsel, by the Securities Act;

(b) cause any such Registration Statement and the related Prospectus and any amendment or supplement thereto, as of the effective date of such Registration Statement, amendment or supplement, (i) to comply in all material respects with the applicable requirements of the Securities Act and the rules and regulations of the Commission promulgated thereunder and (ii) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that this clause (ii) shall not apply to statements made or statements omitted by Xerox in reliance upon and in conformity with written information furnished to Xerox by any Holder solely with respect to such Holder and specifically for inclusion in the Registration Statement or any amendment or supplement thereto), or, if for any other reason it shall be necessary to amend or supplement such Registration Statement or Prospectus in order to comply with the Securities Act and, in either case as promptly as reasonably practicable thereafter, prepare and file with the Commission an amendment or supplement to such Registration Statement or Prospectus which will correct such statement or omission or effect such compliance;

(c) furnish, at its expense, to the Participating Holders such number of conformed copies of such Registration Statement and of each such amendment thereto (in each case including all exhibits thereto, except that Xerox shall not be obligated to furnish to any such Participating Holder more than two (2) copies of such exhibits), such number of copies of the Prospectus included in such Registration Statement (including each preliminary Prospectus and each supplement thereto), and such number of the documents, if any, incorporated by reference in such Registration Statement or Prospectus, as the Participating Holders reasonably may request; provided that Xerox shall have no obligation to provide any document pursuant to this clause that is available on the Commission's EDGAR or IDEA system;

(d) use its reasonable efforts to register or qualify the Registrable Securities covered by such Registration Statement under such securities or "blue sky" laws of the states of the United States as the Participating Holders reasonably shall request, to keep such registration or qualification in effect for so long as such Registration Statement remains in effect, and to do any and all other acts and things that may be necessary or advisable to enable the Participating Holders to consummate the disposition in such jurisdictions of the Registrable Securities covered by such Registration Statement, except that Xerox shall not, for any such purpose, be required to qualify generally to do business as a foreign corporation in any jurisdiction in which it is not obligated to be so qualified, or to subject itself to material taxation in any such jurisdiction, or to consent to general service of process in any such jurisdiction; and use its reasonable efforts to obtain all other approvals, consents, exemptions or authorizations from such securities regulatory authorities or governmental agencies as may be necessary to enable such Participating Holders to consummate the disposition of such Registrable Securities;

(e) promptly notify the Participating Holders, at any time when a Prospectus or Prospectus supplement relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the occurrence of any event as a result of which, the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, which untrue statement or omission requires amendment of the Registration Statement or supplementing of the Prospectus, and, as promptly as practicable (subject to Section 5.02 hereof), prepare and furnish, at its expense, to the Participating Holders a reasonable number of copies of a supplement to such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that with respect to Registrable Securities registered pursuant to such Registration Statement, each Holder agrees that it shall not enter into any transaction for the sale of any Registrable Securities pursuant to such Registration Statement during the time after the furnishing of Xerox's notice that Xerox is preparing a supplement to or an amendment of such Prospectus or Registration Statement and until the filing and effectiveness thereof;

(f) use its reasonable efforts to comply with all applicable rules and regulations of the Commission, and make available to holders of its securities, as soon as practicable, an earnings statement covering the period of at least 12 months, but not more than 18 months, beginning with the first month of the first fiscal quarter after the effective date of such Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(g) provide, and cause to be maintained, a transfer agent and registrar for the Registrable Securities covered by such Registration Statement (which transfer agent and registrar shall, at Xerox's option, be Xerox's existing transfer agent and registrar) from and after a date not later than the effective date of such Registration Statement;

(h) notify the Participating Holders and the managing underwriter, if any, promptly, and (if requested by any such Person) confirm such notice in writing, (i) when a Registration Statement, Prospectus, Prospectus supplement or post-effective amendment related to such Registration Statement has been filed, and, with respect to such Registration Statement or any post-effective amendment thereto, when the same has become effective, (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to such Registration Statement or related Prospectus, (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of such Registration Statement or the initiation of any proceedings for that purpose and (iv) of the receipt by Xerox of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(i) use its reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such Registration Statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, as soon as practicable;

(j) in the event of an Underwritten Offering of Registrable Securities pursuant to Section 2.03 or 4.03 hereof, enter into customary agreements (including underwriting agreements in customary form, which may include, in the case of an Underwritten Offering on a firm commitment basis, "lock-up" obligations substantially similar to Section 5.01 hereof) and take such other actions (including using its reasonable efforts to make such road show presentations and otherwise engaging in such reasonable marketing support in connection with any such Underwritten Offering, including the obligation to make its executive officers available for such purpose if so requested by the managing underwriter for such offering) as are reasonably requested by the managing underwriter in order to expedite or facilitate the sale of such Registrable Securities;

(k) make available for inspection by each Participating Holder, any underwriter participating in any disposition pursuant to such registration, and any attorney, accountant or other agent retained by such Participating Holder or any such underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of Xerox and any of its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the officers, directors and employees of Xerox to supply all information reasonably requested by any such Inspector in connection with such registration, provided, however, that (i) in connection with any such inspection, any such Inspectors shall cooperate to the extent reasonably practicable to minimize any disruption to the operation by Xerox of its business and shall comply with all Xerox site safety rules, (ii) Records and information obtained hereunder shall be used by such Inspectors only to exercise their due diligence responsibility and (iii) Records or information furnished or made available hereunder shall be kept confidential and shall not be disclosed by such Participating Holder, underwriter or Inspectors unless (A) the disclosing party advises the other party that the disclosure of such Records or information is necessary to avoid or correct a misstatement or omission in a Registration Statement or is otherwise required by law, (B) the release of such Records or information is ordered pursuant to a subpoena or other order from a court or governmental authority of competent jurisdiction (provided, however, that such Person shall use its reasonable efforts to provide Xerox with prior written notice of such requirement to afford Xerox with an opportunity to seek a protective order or other appropriate remedy in response) or (C) such Records or information otherwise become generally available to the public other than through disclosure by such Participating Holder, underwriter or Inspector in breach hereof or by any Person in breach of any other confidentiality arrangement;

(l) in connection with any registration of an Underwritten Offering of Registrable Securities hereunder, use all reasonable efforts to furnish to each Participating Holder and to the managing underwriter, if any, a signed counterpart, addressed to such Participating Holder and the managing underwriter, if any, of (i) an opinion or opinions of counsel to Xerox and (ii) a comfort letter or comfort letters from

Xerox’s independent public accountants pursuant to Statement on Auditing Standards No. 72 (or any successor thereto), each in customary form and scope and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as each such Participating Holder and the managing underwriter, if any, reasonably requests;

(m) in connection with any registration of an Underwritten Offering of Registrable Securities hereunder, provide officers’ certificates and other customary closing documents, customary in form, scope and substance;

(n) reasonably cooperate with each seller of Registrable Securities and any underwriter in the disposition of such Registrable Securities and with underwriters’ counsel, if any, in connection with any filings required to be made with the Financial Industry Regulatory Authority (“FINRA”);

(o) use its reasonable efforts to cause all such Registrable Securities to be listed on each securities exchange on which securities of the same class or series issued by Xerox are then listed;

(p) cooperate with the Participating Holders and the managing underwriter, underwriters or agent, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and

(q) use its reasonable efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities.

Section 6.02 Holder Obligations. Each Holder agrees:

(a) that it shall furnish to Xerox such information regarding such Holder and the plan and method of distribution of Registrable Securities intended by such Holder (i) as Xerox may, from time to time, reasonably request in writing and (ii) as shall be required by law or by the Commission in connection therewith;

(b) that information obtained by it or by its Inspectors pursuant to Section 6.01 shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of Xerox or its Affiliates unless and until such information is made generally available to the public;

(c) to use its reasonable efforts, prior to making any disclosure allowed by Section 6.01(k)(iii)(A) or (B) hereof, to inform Xerox that such disclosure is necessary to avoid or correct a misstatement or omission in the Registration Statement or ordered pursuant to a subpoena or other order from a court or governmental authority of competent jurisdiction or otherwise required by law;

(d) in the case of an Underwritten Offering of Registrable Securities pursuant to this Agreement, if requested by the managing underwriter, to enter into an underwriting agreement with the underwriters for such offering containing such representations and warranties by each Holder and such other terms and provisions as are customarily contained in such underwriting agreements, including customary indemnity and contribution provisions and "lock-up" obligations substantially similar to Section 5.03 hereof; and

(e) to notify Xerox as soon as practicable if it becomes aware of the occurrence of any event, development or fact as a result of which a Registration Statement or any Prospectus or supplement, as then in effect, contains an untrue statement of a material fact with respect to such Holder or omits to state any material fact with respect to such Holder required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Holder shall not be required to notify Xerox, or may limit such notification, as the case may be, solely to the extent necessary, as determined in good faith by such Holder on the advice of counsel, in order not to be in violation of or default under any applicable law, regulation, rule, stock exchange requirement, self-regulatory body, supervisory authority, legal process or fiduciary duty.

Article VII. INDEMNIFICATION

Section 7.01 Indemnification by Xerox. In the event of any registration of any Registrable Securities under the Securities Act pursuant to this Agreement, Xerox shall indemnify and hold harmless to the full extent permitted by law (i) each Holder, such Holder's Affiliates and their respective officers, directors, managers, partners, stockholders, employees, advisors, agents and other representatives of the foregoing, and each of their respective successors and assigns, and each Person who controls any of the foregoing within the meaning of the Securities Act and the Exchange Act, and (ii) any selling agent selected by the Holders or their Affiliates with respect to such Registrable Securities (each such Person being sometimes referred to as an "Indemnified Person"), against any and all losses, claims, damages, liabilities (or actions or proceedings in respect thereof, whether or not such Indemnified Person is a party thereto) and expenses (including reasonable costs of investigations and legal expenses), joint or several (each a "Loss" and collectively "Losses"), to which such Indemnified Person may become subject, to the extent that such Losses (or related actions or proceedings) arise out of or are based upon (A) any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement in which such Registrable Securities were included for registration under the Securities Act, including any preliminary or summary Prospectus or any final Prospectus included in such Registration Statement (or any amendment or supplement to such Registration Statement or Prospectus) or any document incorporated by reference therein, or (B) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus and any preliminary Prospectus in light of the circumstances under which they were made) not misleading; provided, however, that Xerox shall have no obligation to provide any indemnification or reimbursement hereunder (i) to the extent that any such Losses (or actions or proceedings in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Registration Statement, preliminary Prospectus, final Prospectus, amendment or supplement, in reliance upon and in conformity with written information furnished to Xerox by the Holder, or on the Holder's behalf, specifically for inclusion, respectively, in such Registration Statement, preliminary Prospectus, final Prospectus, amendment or supplement, or (ii) in the case of a sale directly by a Holder of Registrable Securities (including a sale of such Registrable Securities through any underwriter retained by such Holder engaging in a distribution solely on behalf of Holders), to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was contained in a preliminary Prospectus and corrected in a final, amended or supplemented Prospectus provided to such Holder prior to the confirmation of the sale of the Registrable Securities to the Person asserting any such Loss, and such Holder failed to deliver a copy of the final, amended or supplemented Prospectus at or prior to such confirmation of sale in any case in which such delivery is required by the Securities Act, or (iii) in the case of a sale directly by a Holder of Registrable Securities (including a sale of such Registrable Securities through any underwriter retained by such Holder engaging in a distribution solely on behalf of Holders), to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was contained in a final Prospectus but was corrected in an amended or supplemented final Prospectus provided to such Holder prior to the confirmation of the sale of the Registrable Securities to the Person asserting any such Loss, and such Holder failed to deliver a copy of the amended or supplemented final Prospectus at or prior to such confirmation of sale in any case in which such delivery is required by the Securities Act. The indemnity provided in this Section 7.01 shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any Indemnified Person and shall survive the transfer or disposal of the Registrable Securities by the Holder or any such other Persons. Xerox will also indemnify, if applicable and if requested, underwriters, selling brokers, dealer managers and similar securities industry professionals participating in any distribution pursuant hereto, their officers and directors and each Person who controls such Persons (within the meaning of the Securities Act and the Exchange Act) to the same extent as provided above with respect to the indemnification of the Indemnified Persons. This indemnity shall be in addition to any liability Xerox may otherwise have.

Section 7.02 Indemnification by the Holders. In the event of any registration of any Registrable Securities under the Securities Act pursuant to this Agreement, each Holder shall, severally and not jointly, indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 7.01 hereof) Xerox, each director and officer of Xerox and each other Person, if any, who controls Xerox within the meaning of the Securities Act and the Exchange Act (each such Person being sometimes referred to as a "Company Indemnified Person"), against Losses to which Xerox or any such Persons may become subject under the Securities Act or otherwise, to the extent that such Losses (or related actions or proceedings) arise out of or are based upon (A) any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement in which Registrable Securities were included for registration under the Securities Act, or any preliminary Prospectus or any final Prospectus included in such Registration Statement (or any amendment or supplement to such Registration Statement or Prospectus), or (B) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, (in the case of the Prospectus and any preliminary Prospectus in light of the circumstances under which they were made) not misleading, in each case, only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in such Registration Statement, preliminary Prospectus, final Prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to Xerox by such Holder, or on such Holder's behalf, specifically for inclusion, respectively, in such Registration Statement, preliminary Prospectus, final Prospectus, amendment or supplement; provided, however, that a Holder's aggregate liability under this Agreement shall be limited to an amount equal to the net proceeds (after deducting the underwriter's discount and expenses) received by such Holder from the sale of such Holder's Registrable Securities pursuant to such registration.

Section 7.03 Notice of Claims, Etc. Promptly after receipt by any Person entitled to indemnity under Section 7.01 or 7.02 hereof (an "Indemnitee") of notice of the commencement of any action or proceeding (an "Action") involving a claim referred to in such Sections, such Indemnitee shall, if indemnification is sought against an indemnifying party, give written notice to such indemnifying party of the commencement of such Action; provided, however, that the failure of any Indemnitee to give said notice shall not relieve the indemnifying party of its obligations under Sections 7.01 or 7.02 hereof, except to the extent that the indemnifying party is actually prejudiced by such failure. In case an Action is brought against any Indemnitee, and such Indemnitee notifies the indemnifying party of the commencement thereof, each indemnifying party shall be entitled to participate therein and, to the extent it elects to do so by written notice delivered to the Indemnitee promptly after receiving the aforesaid notice, to assume the defense thereof with counsel selected by such indemnifying party and reasonably satisfactory to such Indemnitee. Notwithstanding the foregoing, the Indemnitee shall have the right to employ its own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnitee, unless (i) the employment of such counsel shall have been authorized in writing by the indemnifying party, (ii) the indemnifying party shall not have employed counsel to take charge of the defense of such Action, reasonably promptly after notice of the commencement thereof or (iii) such Indemnitee reasonably shall have concluded that there may be defenses available to it which are different from or additional to those available to the indemnifying party which, if the indemnifying party and the Indemnitee were to be represented by the same counsel, could result in a conflict of interest for such counsel or materially prejudice the prosecution of the defenses available to such Indemnitee. If any of the events specified in clauses (i), (ii) or (iii) of the preceding sentence shall have occurred or otherwise shall be applicable, then the fees and expenses of counsel for the Indemnitee shall be borne by the indemnifying party; it being understood, however, that the indemnifying party shall not, in connection with any one such claim or proceeding, or separate but substantially similar or related claims or proceedings arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (together with appropriate local counsel) at any time for all Indemnitees hereunder, or for fees and expenses that are not reasonable. Anything in this Section 7.03 to the contrary notwithstanding, an indemnifying party shall not be liable for the settlement of any action effected without its prior written consent (which consent shall not unreasonably be withheld or delayed), but if settled with the prior written consent of the indemnifying party, or if there shall be a final judgment adverse to the Indemnitee, the indemnifying party agrees to indemnify the Indemnitee from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior consent of the Indemnitee (which consent shall not be unreasonably withheld or delayed), consent to entry of any judgment or enter into any settlement or compromise, with respect to any pending or threatened action or claim in respect of which the Indemnitee would be entitled to indemnification or contribution hereunder (whether or not the Indemnitee is an actual party to such action or claim), which (i) does not include as a term thereof the unconditional release of the Indemnitee from all liability in respect of such action or claim or (ii) includes an admission of fault, culpability or a failure to act by or on behalf of the Indemnitee.

Section 7.04 Contribution. If the indemnification provided for in this Article VII is unavailable or insufficient to hold harmless an Indemnitee in respect of any Losses, then each indemnifying party shall, in lieu of indemnifying such Indemnitee, contribute to the amount paid or payable by such Indemnitee as a result of such Losses in such proportion as appropriate to reflect the relative fault of the indemnifying party, on the one hand, and the Indemnitee, on the other hand, which relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such Indemnitee or indemnifying party, and such parties' relative intent, knowledge, access to information and opportunity to correct or mitigate the damage in respect of or prevent the untrue statement or omission giving rise to such indemnification obligation; provided, however, that a Holder's aggregate liability under this Section 7.04 shall be limited to an amount equal to the net proceeds (after deducting the underwriter's discount but before deducting expenses) received by such Holder from the sale of such Holder's Registrable Securities pursuant to such registration. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 7.04 were determined solely by pro rata allocation or by any other method of allocation which did not take account of the equitable considerations referred to above. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

Section 7.05 Indemnification Payments; Other Remedies.

(a) Periodic payments of amounts required to be paid pursuant to this Article VII shall be made during the course of the investigation or defense, as and when reasonably itemized bills therefor are delivered to the indemnifying party in respect of any particular Loss as incurred.

(b) The remedies provided in this Article VII are not exclusive and shall not limit any rights or remedies that may otherwise be available to an Indemnitee at law or in equity.

Article VIII. REGISTRATION EXPENSES

In connection with any offerings pursuant to a Registration Statement hereunder, Xerox shall pay 50% and the Participating Holders shall pay 50% (unless any other Person shall be offering Registrable Securities in such offering pursuant to a Registration Statement hereunder, in which case the Participating Holders and such other Person(s) shall pay such 50% on a pro rata basis in proportion to the number of Registrable Securities included by the Participating Holders and such other Person(s) in such offering pursuant to a Registration Statement hereunder): (i) all registration and filing fees, (ii) all fees and expenses of compliance with state securities or “blue sky” laws (including reasonable fees and disbursements of counsel in connection with “blue sky” laws qualifications of the Registrable Securities), (iii) printing and duplicating expenses, (iv) fees and expenses of independent certified public accountants retained by Xerox for any comfort letters or costs associated with the delivery by independent certified public accountants of a comfort letter or comfort letters or with any required special audits, (v) the reasonable fees and expenses of any special experts retained by Xerox and agreed to by the Participating Holders, (vi) fees and expenses in connection with any review of underwriting arrangements by FINRA, (vii) fees and expenses in connection with listing, if applicable, the Registrable Securities on a securities exchange or the New York Stock Exchange, and (viii) all duplicating, distribution and delivery expenses. In connection with any offering pursuant to a Registration Statement hereunder, Xerox shall pay 100% of (i) internal expenses of Xerox (including all salaries and expenses of its officers and employees performing legal or accounting duties), and (ii) except as provided in clause (iv) in the first sentence of this paragraph, fees and disbursements of counsel for Xerox and fees and expenses of independent certified public accountants retained by Xerox. In connection with any offerings pursuant to a Registration Statement hereunder, each Participating Holder shall pay (a) any underwriting fees, discounts or commissions attributable to the sale of Registrable Securities by such Participating Holder in connection with an Underwritten Offering; (b) any out-of-pocket expenses of such Participating Holder including any fees and expenses of brokers or counsel to such Participating Holder; and (c) any applicable transfer taxes attributable to the sale of their Registrable Securities.

Article IX. RULE 144

With a view to making available to the Holders the benefits of Rule 144 and any other similar rule or regulation of the Commission that may at any time permit a Holder to sell Registrable Securities of Xerox to the public without registration or pursuant to a registration on Form S-3, Xerox covenants that, from and after the time that and for so long as it is subject to Section 13 or 15(d) of the Exchange Act thereafter, it shall use its reasonable efforts to file in a timely manner all reports required to be filed by it under the Exchange Act, and that it shall comply with the requirements of Rule 144(c), as such Rule may be amended from time to time (or any similar rule or regulation hereafter adopted by the Commission), regarding the availability of current public information to the extent required to enable any Holder to sell Registrable Securities without registration under the Securities Act pursuant to the resale provisions of Rule 144 (or any similar rule or regulation). Upon the request of any Holder, Xerox shall promptly deliver to such Holder a written statement as to whether it has complied with such requirements and, upon such Holder’s compliance with the applicable provisions of Rule 144 and its delivery of such documents and certificates as Xerox's transfer agent may reasonably request in connection therewith, shall take such reasonable action as may be required (including using its reasonable efforts to cause legal counsel to issue an appropriate opinion) to enable its transfer agent to effectuate any transfer of Registrable Securities properly requested by such Holder, in accordance with the terms and conditions of Rule 144.

Article X. MISCELLANEOUS

Section 10.01 Notice Generally. Any notice, demand, request, consent, approval, declaration, delivery or other communication hereunder to be made pursuant to the provisions of this Agreement shall be deemed sufficiently given or made if in writing and signed by the party making the same, and either delivered in person with receipt acknowledged or sent by registered or certified mail, return receipt requested, postage prepaid, or by facsimile or electronic mail, addressed as follows:

if to any Holder who is a member of the Icahn Group:

Icahn Enterprises L.P. 16690 Collins Avenue, PH-1 Sunny Isles Beach, FL 33160Attention: Keith Cozza
Email: KCozza@ielp.com

With a copy to (which shall not constitute notice):

Icahn Enterprises L.P. 16690 Collins Avenue, PH-1 Sunny Isles Beach, FL 33160Attention: Jesse Lynn
Email: JLynn@sfire.com

if to any Holder who is a member of the Deason Group:

Darwin Deason
3953 Maple Ave, Suite 150
Dallas, TX 75219
Email: sletier@deasoncap.com

With a copy to (which shall not constitute notice):

Woolery & Co. PLLC
Email: james@wooleryco.com
Attention: James C. Woolery

and if to Xerox, at:

Xerox Holdings Corporation
201 Merritt 7
Norwalk, Connecticut 06851
Email: louie.pastor@xerox.com
Attention: Louie Pastor, Executive Vice President, Chief Corporate Development Officer and Chief Legal Officer

With a copy to (which shall not constitute notice):

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Facsimile: 212-728-9593
Email: rleaf@willkie.com
Attention: Russell Leaf

or at such other address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration, delivery or other communication hereunder shall be deemed to have been duly given or served and received on the date on which personally delivered, with receipt acknowledged, the date on which the facsimile or electronic mail it sent so long as the sender receives confirmation regarding the success of transmission thereof, or three (3) Business Days after the same shall have been deposited in the United States mail (by registered or certified mail, return receipt requested, postage prepaid), whichever is earlier.

Each Holder as of the date hereof acknowledges and agrees that, as of the date hereof, it holds the number of Registrable Securities set forth next to its name on Schedule II attached hereto. Any member of the Icahn Group or the Deason Group that desires to become an Additional Holder in accordance with the terms of this Agreement shall provide written notice to Xerox setting forth its address and the number of Registrable Securities held by such Person and agreeing to be bound by the terms hereof, and upon receipt of such notice Xerox shall amend Schedule II attached hereto to reflect such Additional Holder, its address and the number of Registrable Securities held thereby without any further action or consent required from the parties to this Agreement. From time to time and promptly following a written request by Xerox, each such Holder and Additional Holder shall provide written notice to Xerox of any increase or decrease in the number of Registrable Securities held by such Person, and upon receipt of any such notice, Xerox shall amend Schedule II attached hereto to reflect such increase or decrease in the number of Registrable Securities held by such Person without any further action or consent required from the parties to this Agreement; provided that if any such Holder or Additional Holder discloses such increase or decrease in the number of Registrable Securities held by such person in any filing made pursuant to Section 13 or 16 of the Exchange Act, such Holder or Additional Holder, as the case may be, shall be deemed to have provided notice to Xerox as provided in this sentence. Solely for purposes of this Agreement, in determining the number of Registrable Securities outstanding at any time and the Holders thereof, Xerox shall be entitled to rely conclusively on Schedule II attached hereto (as so amended in accordance with the terms of this Agreement to reflect all such written notices received by Xerox from time to time).

Section 10.02 Successors and Assigns. This Agreement may not be assigned by any Holder other than to a Permitted Assignee (provided, however, that such Permitted Assignee agrees in writing to be bound by the terms of this Agreement), whereupon such Permitted Assignee shall be deemed to be a Holder for all purposes of this Agreement. Subject to the preceding sentence, this Agreement shall be binding upon and inure to the benefit of the parties hereto and all successors to Xerox and the Holders.

Section 10.03 Amendments; Waivers. Subject to Section 10.04, (a) any provision of this Agreement affecting a party may be amended or modified only by a written agreement signed by each such affected party and (b) no provision of this Agreement affecting a party may be waived except pursuant to a writing signed by each such affected party.

Section 10.04 Representatives. Xerox shall be entitled to rely upon the written communications of (i) the Icahn Representative, acting on behalf of any Holder who is a member of the Icahn Group and (ii) the Deason Representative, acting on behalf of any Holder who is a member of the Deason Group Group, in each case relating to matters addressed in this Agreement as communications of the Holders, including, without limitation, elections by Holders to exercise registration rights and any amendments, waivers or consents made pursuant to this Agreement. Any notice or communication delivered to the Icahn Representative shall be deemed to have been delivered to each Holder who is a member of the Icahn Group for all purposes hereof, and any notice or communication delivered to the Deason Representative shall be deemed to have been delivered to each Holder who is a member of the Deason Group for all purposes hereof. Each of the Holders who is a member of the Icahn Group shall use their reasonable efforts to conduct all written communications to Xerox pursuant to this Agreement through the Icahn Representative, and each of the Holders who is a member of the Deason Group shall use their reasonable efforts to conduct all written communications to Xerox pursuant to this Agreement through the Deason Representative.

Section 10.05 Calculations of Beneficial Ownership. All calculations of beneficial ownership for purposes of this Agreement shall be calculated in accordance with Rule 13(d) of the Exchange Act, as amended from time to time.

Section 10.06 No Third Party Beneficiaries. This Agreement is not intended to and shall not confer any rights or remedies on any persons that are not party hereto other than as expressly set forth in Article VII.

Section 10.07 Injunctive Relief. It is hereby agreed and acknowledged that it will be impossible to measure in money the damages that would be suffered if the parties fail to comply with any of the obligations herein imposed on them and that in the event of any such failure, an aggrieved Person will be irreparably damaged and will not have an adequate remedy at law. Any such Person shall, therefore, be entitled (in addition to any other remedy to which it may be entitled in law or in equity) to injunctive relief, including, without limitation, specific performance, to enforce such obligations, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

Section 10.08 Termination of Registration Rights; Survival. All rights granted to Holders who are members of the Icahn Group under this Agreement shall terminate on the earlier to occur of (a) the six-month anniversary of the date that the number of Common Shares beneficially owned by the Icahn Group represents less than five percent (5%) of the outstanding Common Shares, and (b) the end of the Board Representation Period (as defined in the Icahn Nomination and Standstill Agreement) of the Icahn Group. All rights granted to Holders who are members of the Deason Group under this Agreement shall terminate on the earlier to occur of (a) the six-month anniversary of the date that the number of Common Shares beneficially owned by the Deason Group represents less than five percent (5%) of the outstanding Common Shares, and (b) the end of the Board Representation Period (as defined in the Deason Nomination and Standstill Agreement) of the Deason Group. The provisions of Articles VII, VIII and X shall survive any termination of this Agreement.

Section 10.09 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 10.10 Headings. The headings used in this Agreement are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Agreement.

Section 10.11 Governing Law; Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED EXCLUSIVELY BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. Each party to this Agreement hereby irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement or any agreements or transactions contemplated hereby may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York and hereby expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and expressly waives any claim of improper venue and any claim that such courts are an inconvenient forum. Each party hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the address set forth in Section 10.01 hereof, such service to become effective ten (10) days after such mailing.

Section 10.12 Counterparts and Facsimile Execution. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument. This Agreement may be executed by e-mail or facsimile signatures.

Section 10.13 Entire Agreement. Except for the Icahn Nomination and Standstill Agreement and Deason Nomination and Standstill Agreement (other than paragraphs of Exhibit C to such agreements, which are superseded by this Agreement), this Agreement (i) embodies the entire agreement and understanding between Xerox and the Holders in respect of the subject matter contained herein and (ii) supersedes all prior agreements and understandings between the parties with respect to the subject matter of this Agreement.

Section 10.14 Further Assurances. Each of the parties hereto shall execute such documents and perform such further acts as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

XEROX HOLDINGS CORPORATION

By:____________________
Name: Louie Pastor
Title: Executive Vice President, Chief Corporate Development Officer and Chief Legal Officer

[Signature Page to Registration Rights Agreement]

CARL C. ICAHN

By:____________________
Carl C. Icahn

[Signature Page to Registration Rights Agreement]

ICAHN PARTNERS LP

By:______________________
Name:
Title:

ICAHN PARTNERS MASTER FUND LP

By:______________________
Name:
Title:

ICAHN ENTERPRISES G.P. INC.

By:______________________
Name:
Title:

ICAHN ENTERPRISES HOLDINGS L.P.

By: Icahn Enterprises G.P. Inc., its general partner

By:______________________
Name:
Title:

IPH GP LLC

By:______________________
Name:
Title: Authorized Signatory

ICAHN CAPITAL LP

By:______________________
Name:
Title: Authorized Signatory

ICAHN ONSHORE LP

By:______________________
Name:
Title: Authorized Signatory

BECKTON CORP

By:______________________
Name:
Title: Authorized Signatory

[Signature Page to Registration Rights Agreement]

By:____________________
Name: Darwin Deason

[Signature Page to Registration Rights Agreement]

SCHEDULE I

Icahn Group

CARL C. ICAHN

ICAHN PARTNERS LP

ICAHN PARTNERS MASTER FUND LP

ICAHN ENTERPRISES G.P. INC.

ICAHN ENTERPRISES HOLDINGS L.P.

IPH GP LLC

ICAHN CAPITAL LP

ICAHN ONSHORE LP

ICAHN OFFSHORE LP

BECKTON CORP.

Deason Group

DARWIN DEASON

SCHEDULE II

Name of Holder/Additional Holder	Number of Registrable Securities Held
Icahn Partners LP	18,205,785
Icahn Partners Master Fund LP	12,936,896
Darwin Deason	8,542,085*

*Excludes shares issuable upon conversion of preferred stock.

Agreement for Non-Employee Directors—Equity Compensation Plan for Non-Employee Directors; DSUs Only

AGREEMENT PURSUANT TO

XEROX HOLDINGS CORPORATION

EQUITY COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

AGREEMENT, by Xerox Holdings Corporation, a New York corporation (the “Company”), dated as of the date which appears as the “Date of Agreement and Award” in the Award Summary attached hereto (the “Award Summary”) in favor of the individual whose name appears on the Award Summary, a non-employee Director of the Company (the “Director”).

In accordance with the provisions of the “Xerox Holdings Corporation Equity Compensation Plan for Non-Employee Directors” (as from time to time amended, the “Plan”), the Board of Directors of the Company (the “Board”) has authorized the execution and delivery of this Agreement.

Terms used herein which are defined in the Plan or in this Agreement shall have the meanings assigned to them in the Plan or this Agreement, respectively.

The Award Summary contains the details of the awards covered by this Agreement and is incorporated herein in its entirety.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration the Company agrees as follows:

AWARD OF DEFERRED STOCK UNITS

1. *Award of Deferred Stock Units*. Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Director on the date indicated on the Award Summary the number of Deferred Stock Units (individually, the “DSU”) as shown on the Award Summary.

TERMS OF THE DEFERRED STOCK UNITS

2. *Vesting*. The DSU shall vest on the vesting date indicated in the Award Summary or the date of death if sooner (the “Vesting Date”). If, prior to the Vesting Date, a Director terminates Board service for any reason other than death, the DSU shall vest pro-rata, determined on a monthly basis. On the date of death, if prior to the Vesting Date, the entire DSU shall vest without proration.

3. *Deferral Period and Entitlement to Shares*. Upon the lapse of the Deferral Period indicated on the Award Summary in connection with the DSU, which shall be thirty (30) days following the earlier of (a) termination of Board service or (b) the date of death, the Company shall deliver to Director or his or her estate, as the case may be, a certificate or certificates for, or shall deliver in book form, the number of shares of Common Stock equal to the number of vested DSUs as to which a Deferral Period has lapsed. No fractional shares shall be issued.

4. *Dividend Equivalents*. Director shall be entitled to receive from the Company dividend equivalents, which are credited in the form of additional DSUs payable in Common Stock following the lapse of the Deferral Period, as follows:

(i) dividend equivalents equaling the same amount(s) that the holder of record of a number of shares of Common Stock equal to the number of DSUs covered by this Agreement, that are held by Director on the close of business on the business day immediately following the Vesting Date, would have been entitled to receive as dividends on such Common Stock during the period commencing on the Date of Agreement and Award and ending on the date such DSUs vest, as provided under Paragraph 2; and

(ii) dividend equivalents, at the same time and in the same amounts that the holder of record of a number of shares of Common Stock equal to the number of vested DSUs covered by the Agreement would be entitled to receive as dividends on such Common Stock. Such right to dividend equivalents on a

DSU covered hereby shall apply to all dividends the record date of which occurs at any time during the period commencing on the date such DSU has vested and ending on the date that Director becomes a shareholder of record with respect to such DSU as a result of the lapse of a Deferral Period as provided under Paragraph 3.

OTHER TERMS

5. *Rights of a Shareholder*. Director shall have no rights as a shareholder with respect to any shares covered by this Agreement until the date of issuance of a stock certificate to him for such shares. Except as otherwise provided herein, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued or the date the shares are delivered in book form.

6. *Non-Assignability*. This Agreement shall not be assignable or transferable by Director except by will or by the laws of descent and distribution and except pursuant to a domestic relations order entered by a court of competent jurisdiction. During the lifetime of Director, the shares of Common Stock issued in connection with DSUs shall be delivered only to Director.

7. *General Restrictions*. If at any time the Chief Executive Officer of the Company ("CEO") shall determine, in his/her discretion, that the listing, registration or qualification of any shares subject to this Agreement upon any securities exchange or under any state or Federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the awarding of or the issuance of DSUs or shares hereunder, the DSUs or shares may not be awarded or issued unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the CEO and any delay caused thereby shall in no way affect the date of termination of the award.

8. *Tax Withholding and Information Reporting*. Whenever the Plan provides that shares of Common Stock are to be delivered following the lapse of the Deferral Period, the Company shall have the right to require Director to remit to the Company an amount sufficient to satisfy any federal, state, and/or local withholding tax requirements prior to the delivery of such certificates. In addition, the Company shall have the right to satisfy any withholding requirements by withholding shares of Common Stock from the shares of Common Stock otherwise deliverable to Director, provided, however, that no shares of Common Stock are to be withheld with a value exceeding the minimum amount of tax required to be withheld by law. The Company will report income to Director on IRS Form 1099, 1042-S, or other appropriate information form or return.

9. *Amendment of this Agreement*. With the consent of Director, the Board may amend this Agreement in a manner not inconsistent with the Plan.

10. *Notices*. Notices hereunder shall be in writing and if to the Company shall be mailed to the Company at 201 Merritt 7, Norwalk, Connecticut 06851, addressed to the attention of Office of Corporate Secretary, and if to Director shall be delivered personally or mailed to Director at his address as the same appears on the records of the Company.

11. *Interpretation of This Agreement*. The Board shall have the authority to interpret the Plan and this Agreement and to take whatever administrative actions, including correction of administrative errors in the awards subject to this Agreement and in this Agreement, as the Board in its or his sole judgment shall be determined to be advisable. All decisions, interpretations and administrative actions made by the Board hereunder or under the Plan shall be binding and conclusive on the Company and Director. In the event there is inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

12. *Successors and Assigns*. This Agreement shall be binding and inure to the benefit of the parties hereto and the successors and assigns of the Company and to the extent provided in Paragraph 6 to the personal representatives, legatees and heirs of Director.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day and year set forth on the Award Summary.

XEROX HOLDINGS CORPORATION

By ______________________________

Secretary

EXHIBIT 10.10

Award Summary –Non-Employee Director Equity Grant

[First Name] [Last Name]

Deferred Stock Units	Date of Agreement and Award:	[Date]
	Number of Deferred Stock Units:	[Number] DSUs
	Vesting Date:	Earlier of (a) one year from Date of Award (or, if applicable, pro-rated for any appointment as a Director other than at each annual meeting of shareholders) or (b) date of following year's annual meeting of shareholders or (c) date of death (and to vest pro-rata, on a monthly basis, if a Director terminates service on the Board of Directors prior to the anniversary vesting date)
	Deferral Period Ends:	30 days following earlier of (a) termination of board service or (b) date of death

Agreement for Non-Employee Directors—Equity Compensation Plan for Non-Employee Directors; RSUs Only

AGREEMENT PURSUANT TO

XEROX CORPORATION

EQUITY COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

AGREEMENT, by Xerox Corporation, a New York corporation (the "Company"), dated as of the date which appears as the "Date of Agreement and Award" in the Award Summary attached hereto (the "Award Summary") in favor of the individual whose name appears on the Award Summary, a non-employee Director of the Company (the "Director").

In accordance with the provisions of the "Xerox Corporation Equity Compensation Plan for Non-Employee Directors" (as from time to time amended, the "Plan"), the Board of Directors of the Company (the "Board") has authorized the execution and delivery of this Agreement.

Terms used herein which are defined in the Plan or in this Agreement shall have the meanings assigned to them in the Plan or this Agreement, respectively.

The Award Summary contains the details of the awards covered by this Agreement and is incorporated herein in its entirety.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration the Company agrees as follows:

AWARD OF RESTRICTED STOCK UNITS

1. *Award of Restricted Stock Units*. Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Director on the date indicated on the Award Summary the number of Restricted Stock Units (individually, the "RSU") as shown on the Award Summary.

TERMS OF THE RESTRICTED STOCK UNITS

2. *Vesting*. The RSU shall vest on the earlier of the vesting date indicated on the Award Summary, or the date of death (the "Vesting Date"). If, prior to the Vesting Date, a Director terminates Board service for any reason other than death, the RSU shall vest pro-rata, determined on a monthly basis. On the date of death, if prior to the Vesting Date, the entire RSU shall vest and shall not be prorated.

3. *Entitlement to Shares*. Within thirty (30) days following the Vesting Date of the RSU, the Company shall deliver to such Director or his or her estate, as the case may be, a certificate or certificates for, or shall deliver in book form, the number of shares of Common Stock equal to the number of vested RSUs. No fractional shares shall be issued.

4. *Dividend Equivalents*. On the Vesting Date, Director shall become entitled to receive from the Company a cash payment equaling the same amount(s) that the holder of record of a number of shares of Common Stock equal to the number of RSUs covered by this Agreement, that are held by Director on the close of business on the business day immediately following the Vesting Date, would have been entitled to receive as dividends on such Common Stock during the period commencing on the effective date hereof and ending on the Vesting Date as provided under Paragraph 2. Payments under this Paragraph shall be made within thirty (30) days following the Vesting Date.

OTHER TERMS

5. *Rights of a Shareholder*. Director shall have no rights as a shareholder with respect to any shares covered by this Agreement until the date of issuance of a stock certificate to him for such shares. Except as otherwise provided herein, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued or the date that shares are delivered in book form.

6. *Non-Assignability*. This Agreement shall not be assignable or transferable by Director except by will or by the laws of descent and distribution and except pursuant to a domestic relations order entered by a court of competent jurisdiction. During the lifetime of Director, the shares of Common Stock issued in connection with RSUs shall be delivered only to Director.

7. *General Restrictions*. If at any time the Chief Executive Officer of the Company ("CEO") shall determine, in his/her discretion, that the listing, registration or qualification of any shares subject to this Agreement upon any securities exchange or under any state or Federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the awarding of or the issuance of RSUs or shares hereunder, the RSUs or shares may not be awarded or issued unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the CEO and any delay caused thereby shall in no way affect the date of termination of the award.

8. *Tax Withholding and Information Reporting*. Whenever the Plan provides that shares of Common Stock are to be delivered following the Vesting Date, the Company shall have the right to require Director to remit to the Company an amount sufficient to satisfy any federal, state, and/or local withholding tax requirements prior to the delivery of such certificates. In addition, the Company shall have the right to satisfy any withholding requirements by withholding shares of Common Stock from the shares of Common Stock otherwise deliverable to Director, provided, however, that no shares of Common Stock are to be withheld with a value exceeding the minimum amount of tax required to be withheld by law. The Company will report income to Director on IRS Form 1099, 1042-S, or other appropriate information form or return.

9. *Amendment of this Agreement*. With the consent of Director, the Board may amend this Agreement in a manner not inconsistent with the Plan.

10. *Notices*. Notices hereunder shall be in writing and if to the Company shall be mailed to the Company at 201 Merritt 7, Norwalk, Connecticut 06851, addressed to the attention of Office of Corporate Secretary, and if to Director shall be delivered personally or mailed to Director at his address as the same appears on the records of the Company.

11. *Interpretation of This Agreement*. The Board shall have the authority to interpret the Plan and this Agreement and to take whatever administrative actions, including correction of administrative errors in the awards subject to this Agreement and in this Agreement, as the Board in its or his sole judgment shall be determined to be advisable. All decisions, interpretations and administrative actions made by the Board hereunder or under the Plan shall be binding and conclusive on the Company and Director. In the event there is inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

12. *Successors and Assigns*. This Agreement shall be binding and inure to the benefit of the parties hereto and the successors and assigns of the Company and to the extent provided in Paragraph 6 to the personal representatives, legatees and heirs of Director.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day and year set forth on the Award Summary.

XEROX CORPORATION

By ______________________________

Secretary

EXHIBIT 10.12

Award Summary –Non-Employee Director Equity Grant

[First Name] [Last Name]

Restricted Stock Units	Date of Agreement and Award:	[Date]
	Number of Restricted Stock Units:	[Number] RSUs
	Vesting Date:	Earlier of (a) one year from Date of Award (or, if applicable, pro-rated for any appointment as a Director other than at each annual meeting of shareholders) or (b) date of following year's annual meeting of shareholders or (c) date of death (and to vest pro-rata, on a monthly basis, if a Director terminates service on the Board of Directors prior to the anniversary vesting date)

CEO CERTIFICATIONS

I, Giovanni Visentin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Holdings 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.

April 30, 2021

/S/ GIOVANNI VISENTIN

Giovanni Visentin
Principal Executive Officer

CEO CERTIFICATIONS

I, Giovanni Visentin, 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.

April 30, 2021

/S/ GIOVANNI VISENTIN

Giovanni Visentin
Principal Executive Officer

CFO CERTIFICATIONS

I, Xavier Heiss, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Holdings 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.

April 30, 2021

/S/ XAVIER HEISS

Xavier Heiss
Principal Financial Officer

CFO CERTIFICATIONS

I, Xavier Heiss, 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.

April 30, 2021

/S/ XAVIER HEISS

Xavier Heiss
Principal Financial Officer

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 Holdings Corporation, a New York corporation (the "Company"), for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Giovanni Visentin, Vice Chairman and Chief Executive Officer of the Company, and Xavier Heiss, 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/ GIOVANNI VISENTIN

Giovanni Visentin
Chief Executive Officer
April 30, 2021

/S/ XAVIER HEISS

Xavier Heiss
Chief Financial Officer
April 30, 2021

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 Holdings Corporation and will be retained by Xerox Holdings Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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 ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Giovanni Visentin, Vice Chairman and Chief Executive Officer of the Company, and Xavier Heiss, 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/ GIOVANNI VISENTIN

Giovanni Visentin
Chief Executive Officer
April 30, 2021

/S/ XAVIER HEISS

Xavier Heiss
Chief Financial Officer
April 30, 2021

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.