

Earnings Presentation
Q4 2021 Results
January 25, 2022

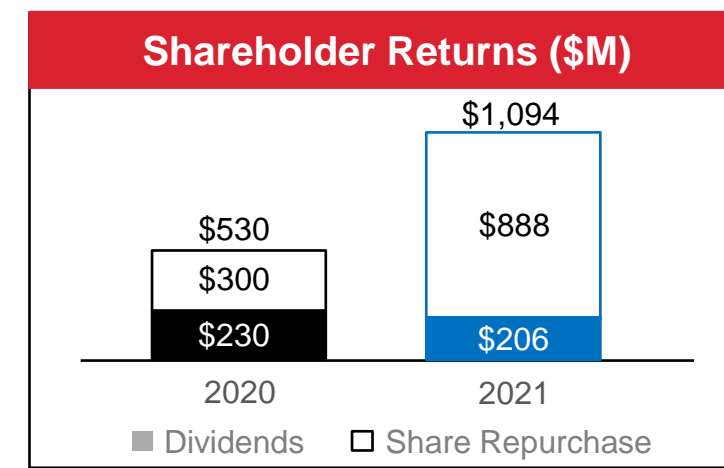
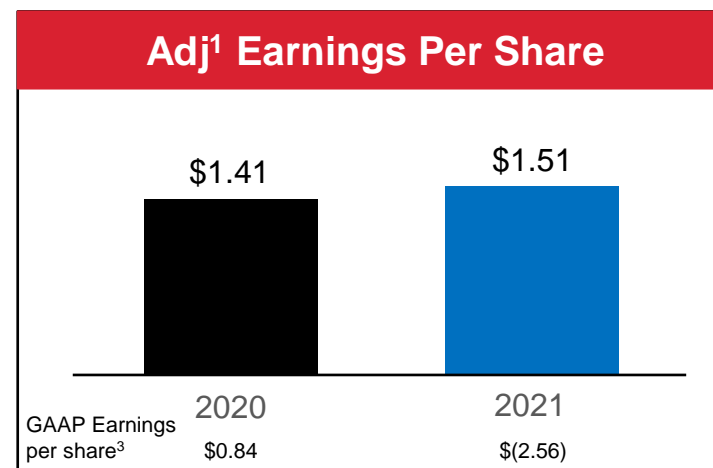
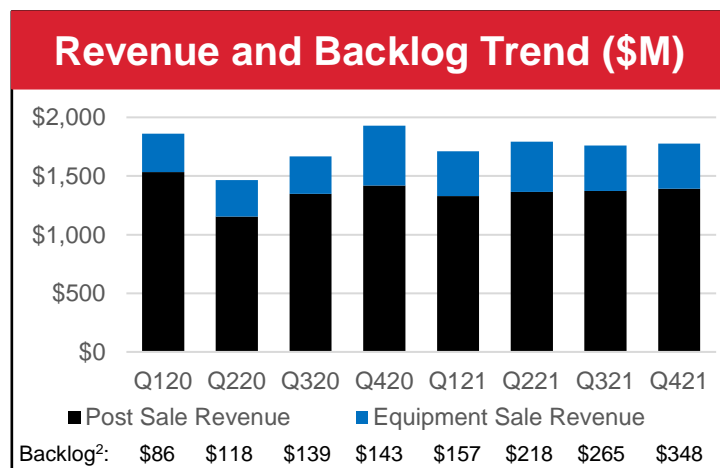
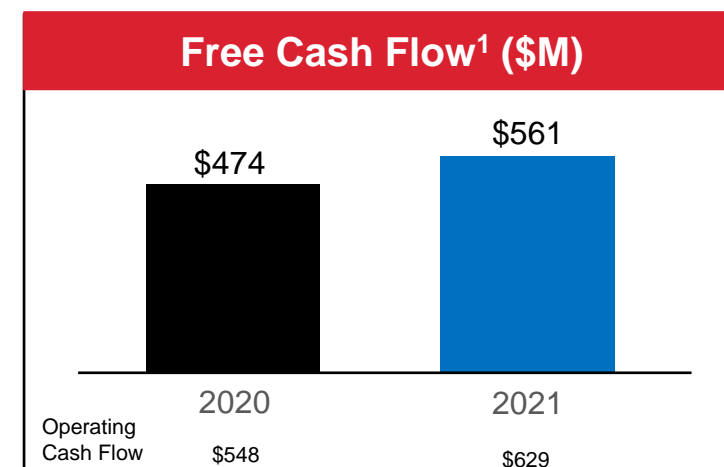
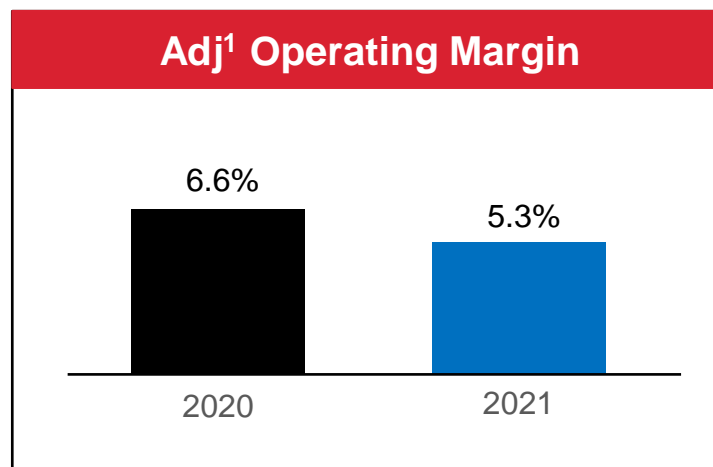
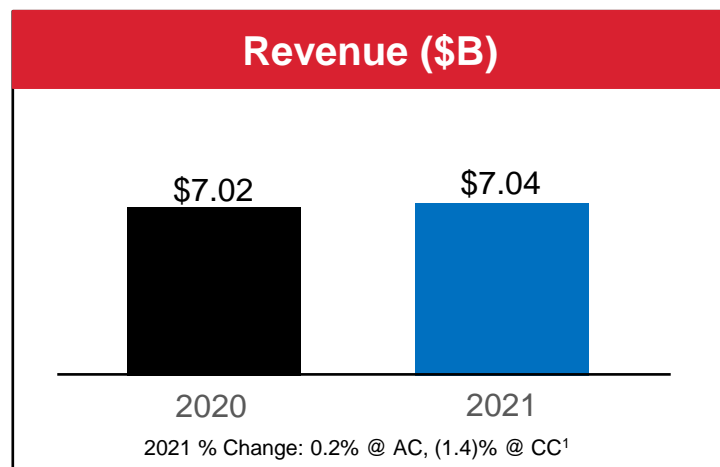
Forward-Looking Statements

This presentation, and other written or oral statements made from time to time by management contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “will”, “should”, “targeting”, “projecting”, “driving” and similar expressions, as they relate to us, our performance and/or our technology, are intended to identify forward-looking statements. These statements reflect management’s current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to: the effects of the COVID-19 pandemic on our and our customers' businesses and the duration and extent to which this will impact our future results of operations and overall financial performance; our ability to address our business challenges in order to reverse revenue declines, reduce costs and increase productivity so that we can invest in and grow our business; our ability to attract and retain key personnel; changes in economic and political conditions, trade protection measures, licensing requirements and tax laws in the United States and in the foreign countries in which we do business; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; changes in foreign currency exchange rates; our ability to successfully develop new products, technologies and service offerings and to protect our intellectual property rights; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law; the risk that partners, subcontractors and software vendors will not perform in a timely, quality manner; actions of competitors and our ability to promptly and effectively react to changing technologies and customer expectations; our ability to obtain adequate pricing for our products and services and to maintain and improve cost efficiency of operations, including savings from restructuring actions; the risk that confidential and/or individually identifiable information of ours, our customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security systems due to cyber attacks or other intentional acts; reliance on third parties, including subcontractors, for manufacturing of products and provision of services; the exit of the United Kingdom from the European Union; our ability to manage changes in the printing environment and expand equipment placements; interest rates, cost of borrowing and access to credit markets; funding requirements associated with our employee pension and retiree health benefit plans; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; any impacts resulting from the restructuring of our relationship with Fujifilm Holdings Corporation; the shared services arrangements entered into by us as part of Project Own It; whether CareAR’s service experience management platform will achieve expectations regarding customer adoption, integration with ServiceNow’s platform, and cost and carbon emission reduction; and the financial performance of CareAR, including projected revenue for fiscal years 2021 and 2022. Additional risks that may affect Xerox’s operations and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of Xerox Holdings Corporation’s and Xerox Corporation’s combined 2020 Annual Report on Form 10-K, as well as in Xerox Holdings Corporation's and Xerox Corporation's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC.

These forward-looking statements speak only as of the date of this presentation or as of the date to which they refer, and Xerox assumes no obligation to update any forward-looking statements as a result of new information or future events or developments, except as required by law.



Full Year 2021 Key Financial Measures



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

² Order backlog is measured as the value of unfulfilled sales orders, shipped and non-shipped, received from our clients waiting to be installed, including orders with future installation dates. It includes printing devices as well as IT hardware associated with our IT services offerings.

³ Full year 2021 includes an after-tax non-cash goodwill impairment charge of \$750 million (\$781 million pre-tax) or \$4.08 per share

Strategic Initiatives to Transform Xerox



Optimize operations for simplicity

- Continuously improve operating efficiency, revenue flow through and return on assets
- Invest in augmented reality, robotic process automation, business process outsourcing, analytics and system enhancements to drive efficiencies



Drive revenue

- Drive increased adoption and utilization of CareAR
- Scale IT Services and robotic process automation in the SMB market
- Grow XFS as a global payment solutions business
- Expand distribution of digital solutions among existing Print and Services clients



Monetize innovation

- Leverage \$250 million corporate venture fund to bolster investment & innovation
- Add value-added equity partners to accelerate development and market penetration
- Embed PARC's technology into new and existing businesses



Focus on cash flow and increasing capital returns

- Generate at least \$400 million of free cash flow¹ in 2022
- Opportunistic share repurchases
- Deploy excess capital for strategic M&A

Progress Standing Up Businesses in 2021

Software (CareAR)

- Announced the formation of CareAR, an augmented reality-driven service experience management platform, along with an investment from ServiceNow valuing CareAR at \$700 million
- Signed 45 new logos for the service experience management platform; investments in product, people and partners expected to drive revenue of \$70 million¹ in 2022
- Launched CareAR Instruct, which extends CareAR's virtual intelligence offerings beyond remote-solve (i.e., CareAR Assist), to include self-solve and AI-driven service experience solutions

¹ Includes intercompany sales through Xerox to end customers

Innovation (PARC)

IoT

- Contracts to triple the number of Eloque's bridges installed with our sensors in Australia in H1 2022
- In discussions with select European countries and multiple U.S. states to deploy pilots in early 2022

Cleantech

- Completed testing of alpha prototype; signed agreement with leading HVAC manufacturer to inform requirements for beta prototype
- Signed SOW with global auto manufacturer to test co-extrusion battery technology

3D

- Growing pipeline of ElemX customers in heavy manufacturing, aerospace & defense and automotive industries

XFS

- Origination growth of 14% in 2021, including increased penetration at XBS
- Added 136 independent office equipment dealers during the year
- Assets of \$3.3 billion supported by \$2.3 billion of senior unsecured debt and approximately \$0.6 billion of securitized debt
- Annualized loss rate for FY21 below historical gross write-off level of 1.5%, despite economic disruption caused by the pandemic

Frequently Asked Questions

Supply Chain

Do you expect supply chain conditions to improve in 2022?

Supply chain conditions did not materially improve in Q421, and we believe conditions will remain challenging for the first half of 2022. We are seeing improvement in certain freight and logistics-related costs, but product shortages continue to inhibit our ability to install ordered equipment, as evidenced by the growth of our backlog in Q4, to nearly \$350 million. Supply chain visibility remains limited beyond one quarter due to the unpredictable nature of the pandemic. We expect supply chain disruptions to delay installations of higher margin mid and high-end equipment through the first half of 2022, with improvements beginning in the second half as more product becomes available.

Pandemic Impact

Has the Omicron variant affected your outlook for return-to-office in 2022?

The Omicron variant has again delayed the return of workers to offices, and delays appear likely to extend into the first half of 2022. We continue to believe that a broader return of workers to the office in 2022 is a matter of when, not if. And for Xerox, the correlation between return-to-work trends, page volumes and post sale revenues remains strong, which suggests employees print when they return to the office and clients continue to value printing services. Our breadth of product offerings, suite of digital document workflow solutions and externally recognized security capabilities position us well to address evolving workplace requirements. For 2022, we expect workplace attendance and post sale revenue to begin improving in the second half of 2022.

Business Progress

How much progress have you made standing up XFS, Software and Innovation?

In 2021, we stood up Xerox Financial Services (XFS), CareAR and Innovation (PARC). Based on our efforts this year, we are positioned to begin reporting separate financial and non-financial information for each business in 2022, and the outlook for each is positive. At our investor day on February 23, we will share more detail about each business's strategy and their respective pathways to monetization. We will also provide sufficient detail about these businesses to allow analysts and investors to value each component separately.

Guidance

What assumptions underpin your 2022 guidance?

We expect supply chain and pandemic-related disruptions to continue affecting results through the first half of 2022. However, underlying demand for our print and services offerings remains healthy, page volumes are demonstrating positive momentum, and investments in new businesses are delivering results. Therefore, we expect revenue to grow to at least \$7.1 billion in actual currency and free cash flow¹ of at least \$400 million in 2022. Our free cash flow¹ guidance reflects the absence of non-recurring FUJIFULM Business royalty payments we received in 2021 and cash investments in our new businesses of approximately \$200 million, an increase of about 50% over 2021 levels.

Financial Results Summary

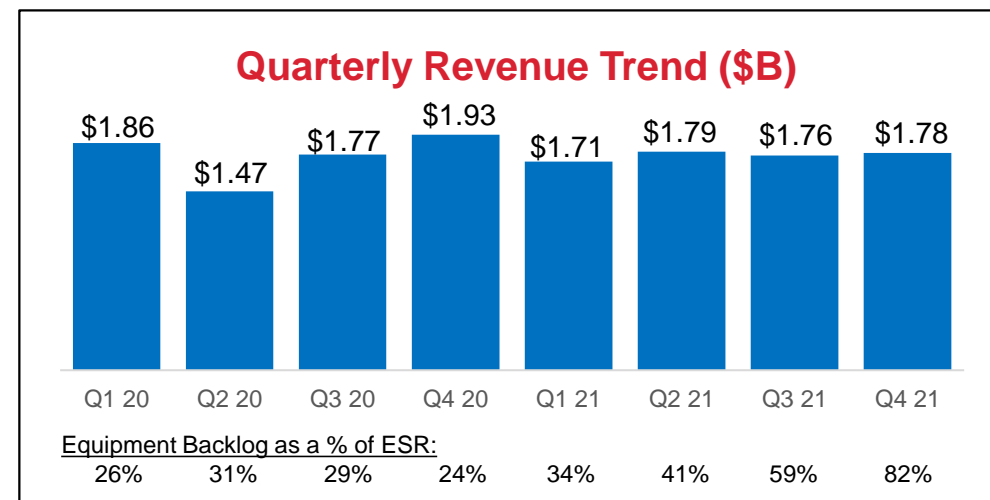
(in millions, except per share data)

P&L Measures	Q4 2021	B/(W) YOY	% Change YOY	P&L Ratios	Q4 2021	B/(W) YOY
Revenue	\$ 1,777	\$ (153)	(7.9)% AC (7.4)% CC ¹	Gross Margin	32.9%	(330) bps
Operating Income – Adjusted ¹	\$ 86	\$ (98)	(53.3)%	RD&E %	4.2%	(30) bps
Other Expenses, net	\$ 4	\$ 26	86.7%	SAG %	23.8%	(100) bps
Net Loss ²	\$ (675)	\$ (752)	NM	Operating Margin – Adjusted ¹	4.8%	(470) bps
Net Income – Adjusted ¹	\$ 62	\$ (60)	(49.2)%	Tax Rate – Adjusted ¹	(8.8)%	NM
GAAP Loss Per Share ²	\$ (3.97)	\$ (4.33)	NM			
EPS – Adjusted ¹	\$ 0.34	\$ (0.24)	(41.4)%			

¹ Adjusted Measures and Constant Currency (CC): see Non-GAAP Financial Measures. The adjusted effective tax rate reflects benefits from the re-measurement of uncertain tax positions and the geographical mix of earnings. ² Includes an after-tax non-cash goodwill impairment charge of \$750 million, or \$4.38 per share.

Revenue

(in millions)	Q4 2021	% Mix	% Change YOY	
			AC	CC ¹
Equipment	\$ 384	22%	(24.7)%	(23.9)%
Post Sale	\$ 1,393	78%	(1.9)%	(1.4)%
Total Revenue	\$ 1,777	100%	(7.9)%	(7.4)%
Americas	1,096	62%	(9.3)%	(9.5)%
EMEA	636	36%	(5.8)%	(3.9)%
Other ²	45	2%	(4.3)%	(4.3)%



Installs B/(W) YOY

	Q4 2021		FY 2021	
	Color	B&W	Color	B&W
Entry A4 MFPs	(10)%	24%	7%	36%
Mid-Range	(22)%	(28)%	8%	7%
High-End	-%	(5)%	12%	19%

¹ Constant Currency (CC): see Non-GAAP Financial Measures. ² Other total revenue includes sales to FUJIFILM Business Innovation Corp. (formerly Fuji Xerox)(FX) and licensing.

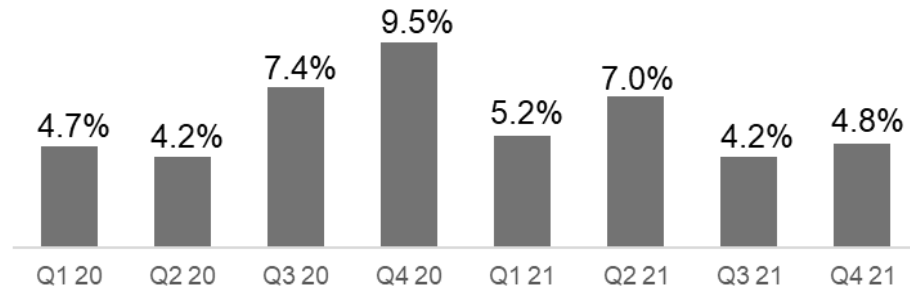
Cash Flow

(in millions)	Q4 2021	FY 2021
Pre-tax Loss	\$ (711)	\$ (475)
Non-Cash Add-Backs ¹	90	404
Restructuring Payments	(11)	(72)
Pension Contributions	(33)	(135)
Working Capital, net ²	193	247
Change in Finance Assets ³	(50)	(109)
Non-Cash Goodwill Impairment, Net of Tax	750	750
Other ⁴	(30)	19
Cash from Operations	\$ 198	\$ 629
Cash used in Investing	\$ (31)	\$ (85)
Cash used in Financing	\$ (517)	\$ (1,310)
Ending Cash, Cash Equivalents and Restricted Cash ⁵	\$ 1,909	\$ 1,909
Free Cash Flow⁶	\$ 182	\$ 561

¹ Non-cash add-backs include depreciation & amortization (including equipment on operating lease), provisions, stock-based compensation, defined benefit pension expense, restructuring and asset impairment charges and gain on sales of businesses and assets. ² Working Capital, net includes accounts receivable, accounts payable and inventory. ³ Includes equipment on operating leases (excluding its related depreciation) and finance receivables. ⁴ Includes other current and long-term assets and liabilities, accrued compensation, derivative assets and liabilities, other operating, net, distributions from net income of unconsolidated affiliates and taxes. ⁵ Includes restricted cash of \$69 million in Q4 2021 and \$66 million in Q4 2020. ⁶ Free Cash Flow: see Non-GAAP Financial Measures.

Profitability and Earnings

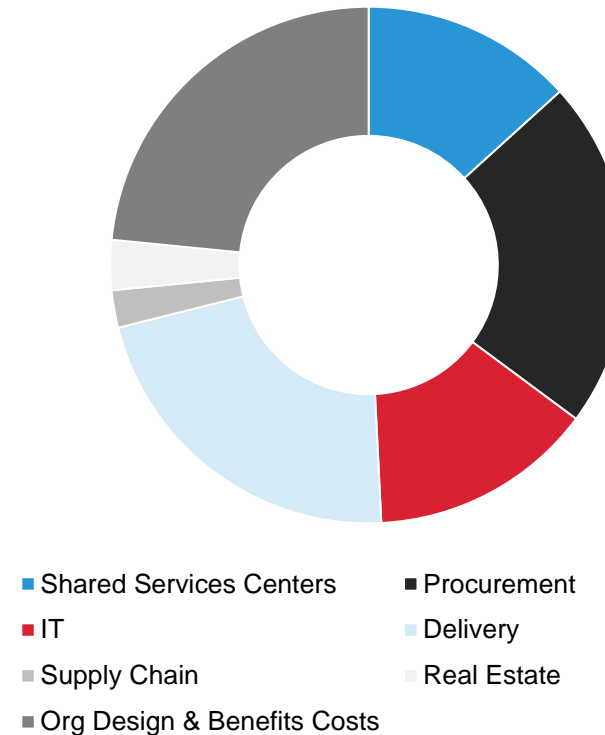
Adjusted¹ Operating Margin



Adjusted¹ EPS



Project Own It



- Achieved gross cost savings in 2021 ahead of our target of \$375M, for a total of ~\$1.8B since 2018
- Expect additional gross cost savings of \$300M in 2022
- Project Own It is a multi-year program to simplify our operations and instill a culture of continuous improvement

¹ Adjusted Measures: see Non-GAAP Financial Measures. ² Q421 includes an after-tax non-cash goodwill impairment charge of \$750 million (\$781 million pre-tax) or \$4.38 per share

Xerox Financial Services (XFS)

XFS Strategy

- Create a global leasing solutions business serving technology, office equipment and adjacent markets
- Growth will be driven by expanding the portfolio, offering vendor financing for a broader array of partner office solutions, software and IT services and OEM partnerships

XFS Portfolio

- XFS assets: \$3.32 billion as of Dec 31, 2021, a (0.3%) decline QoQ
- Grew originations 14% in 2021, including increased penetration at XBS
- Over 700,000 equipment leases and a diverse portfolio of ~150,000 customers across geographies and industries
- Annualized loss rates: FY21 below historical gross write-offs of 1.5%

Assets and Debt

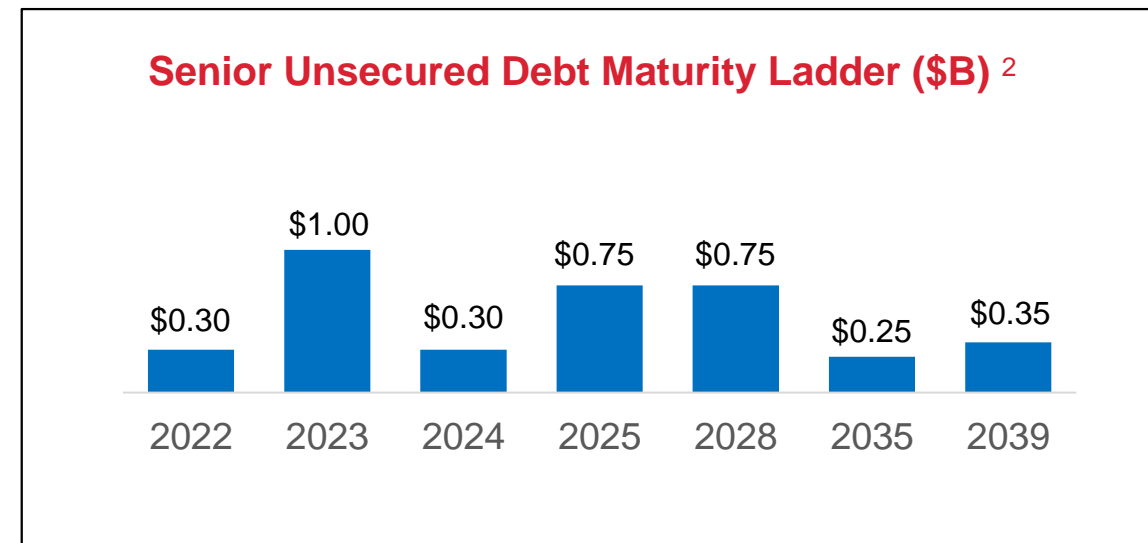
(in billions)	Q4 2021	Q3 2021
Equipment on Operating Leases	\$ 0.25	\$ 0.25
Finance Receivables	3.07	3.08
Total Finance Assets	\$ 3.32	\$ 3.33
XFS Debt	\$ 2.91	\$ 2.91

Leverage

- XFS Debt allocated on a 7:1 ratio of debt to equity on finance assets
- \$2.3 billion of senior unsecured debt and approximately \$0.6 billion of securitization allocated to XFS as of Dec 31, 2021

Capital Structure

Debt and Cash		
(in billions)	Q4 2021	Q4 2020
Total Debt	\$ (4.2)	\$ (4.4)
Less: XFS debt	2.9	3.0
Core Debt	(1.3)	(1.4)
Less: Cash ¹	1.9	2.7
Net Core Cash	\$ 0.6	\$ 1.3



- Ending net core cash of \$0.6B, with net core debt of \$1.3B and ending cash of \$1.9B.
- A balanced debt maturity ladder is maintained; near-term bonds allocated to XFS and longer-term bonds support corporate strategy. No senior unsecured debt matured in 2021; \$300 million to mature in 2022.

¹ Cash, cash equivalents and restricted cash.

² Debt payable in 2025 and 2028 was issued by Xerox Holdings Corporation, remaining debt issued by Xerox Corporation.

Summary and 2022 Guidance

Full-Year Guidance

- **Revenue:** At least \$7.1 billion, in actual currency
- **Free Cash Flow**¹: At least \$400M
- **Shareholder Returns:** At least 50% of annual Free Cash Flow¹

Despite continued uncertainty associated with supply chain conditions and the pandemic, we are confident in our ability to deliver at least \$7.1 billion of revenue and at least \$400 million of free cash flow in 2022. Our confidence stems from strong demand for our products and services, and continued strength in correlations between in-office work and post sale revenue.

We expect growth will be weighted to the back half of the year, with revenue improving as supply chain conditions normalize and workers return to the office.

We maintain our policy of returning at least 50% of annual free cash flow to shareholders. In recent years, we have delivered well in excess of that goal, but our current policy gives us the flexibility to pursue value accretive M&A and additional investments in innovation.

Appendix

Operating Trends – Continuing Operations

(in millions, except EPS)	2020					2021				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Total Revenue	\$1,860	\$1,465	\$1,767	\$1,930	\$7,022	\$1,710	\$1,793	\$1,758	\$1,777	\$7,038
<i>% Change</i>	(14.7)%	(35.3)%	(18.9)%	(21.0)%	(22.5)%	(8.1)%	22.4%	(0.5)%	(7.9)%	0.2%
<i>CC¹ % Change</i>	(13.9)%	(34.6)%	(19.7)%	(22.3)%	(22.7)%	(10.4)%	18.1%	(1.6)%	(7.4)%	(1.4)%
Adj¹ Operating Margin	4.7%	4.2%	7.4%	9.5%	6.6%	5.2%	7.0%	4.2%	4.8%	5.3%
GAAP (Loss) EPS ²	\$(0.03)	\$0.11	\$0.41	\$0.36	\$0.84	\$0.18	\$0.46	\$0.48	\$(3.97)	\$(2.56)
Adj¹ EPS	\$0.21	\$0.15	\$0.48	\$0.58	\$1.41	\$0.22	\$0.47	\$0.48	\$0.34	\$1.51
Operating Cash Flow	\$173	\$34	\$106	\$235	\$548	\$117	\$214	\$100	\$198	\$629
Free Cash Flow¹	\$150	\$15	\$88	\$221	\$474	\$100	\$198	\$81	\$182	\$561

¹ Adjusted measures, Free Cash Flow, and Constant Currency (CC): see Non-GAAP Financial Measures. ² Both Q4 2021 and FY 2021 GAAP loss per share include an after-tax non-cash goodwill impairment charge of \$750 million or \$4.38 and \$4.08 per share, respectively.

Non-GAAP Financial Measures

Non-GAAP Financial Measures

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

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

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

Adjusted Earnings Measures

- Net (Loss) Income and Earnings per share (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.

Non-GAAP Financial Measures (cont'd)

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

Non-GAAP Financial Measures (cont'd)

Adjusted Operating Income and Margin

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

Constant Currency

To better understand trends in our business, we believe that it is helpful to adjust revenue to exclude the impact of changes in the translation of foreign currencies into U.S. dollars. We refer to this adjusted revenue as “constant currency.” This impact is calculated by translating current period activity in local currency using the comparable prior year period's currency translation rate. This impact is calculated for all countries where the functional currency is not the U.S. dollar. Management believes the constant currency measure provides investors an additional perspective on revenue trends. Currency impact can be determined as the difference between actual growth rates and constant currency growth rates.

Free Cash Flow

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

Summary:

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

(in millions, except per share amounts)	Three Months Ended December 31, 2021		Three Months Ended December 31, 2020		Year Ended December 31, 2021		Year Ended December 31, 2020	
	Net (Loss) Income	EPS	Net Income	EPS	Net (Loss) Income	EPS	Net Income	EPS
Reported⁽¹⁾	\$ (675)	\$ (3.97)	\$ 77	\$ 0.36	\$ (455)	\$ (2.56)	\$ 192	\$ 0.84
Adjustments:								
Goodwill impairment	781		-		781		-	
Restructuring and related costs	(1)		29		38		93	
Amortization of intangible assets	13		22		55		56	
Transaction and related costs, net	-		-		-		18	
Non-service retirement-related costs	(25)		(9)		(89)		(29)	
Loss on early extinguishment of debt	-		26		-		26	
Contract termination costs – IT services	-		-		-		3	
Income tax on adjustments ⁽²⁾	(31)		(23)		(37)		(46)	
Adjusted	\$ 62	\$ 0.34	\$ 122	\$ 0.58	\$ 293	\$ 1.51	\$ 313	\$ 1.41
Dividends on preferred stock used in adjusted EPS calculation ⁽³⁾		\$ 3		\$ -		\$ 14		\$ 14
Weighted average shares for adjusted EPS ⁽³⁾		173		209		185		211
Fully diluted shares at end of period ⁽⁴⁾		162						

⁽¹⁾ Net (loss) income and EPS attributable to Xerox Holdings Corporation. Q4 and full year earnings and EPS include an after-tax non-cash goodwill impairment charge of \$750 million (\$781 million pre-tax) or \$4.38 and \$4.08 per share, respectively.

⁽²⁾ Refer to Effective Tax Rate reconciliation.

⁽³⁾ Average shares for the calculation of adjusted diluted EPS for the three months and year ended December 31, 2021 and for the year ended December 31, 2020 excludes 7 million shares associated with our Xerox Holdings Corporation's Series A Convertible preferred stock, and therefore earnings include the preferred stock dividend for those periods. Average shares for the calculation of adjusted diluted EPS for the three months ended December 31, 2020 includes 7 million shares associated with our Xerox Holdings Corporation's Series A Convertible preferred stock, and therefore earnings excludes the preferred stock dividend.

⁽⁴⁾ Represents common shares outstanding at December 31, 2021 plus potential dilutive common shares used for the calculation of adjusted diluted EPS for the three months ended December 31, 2021. The amount excludes shares associated with our Xerox Holdings Corporation's Series A convertible preferred stock as they were anti-dilutive.

Effective Tax Rate reconciliation

(in millions)	Three Months Ended December 31, 2021			Three Months Ended December 31, 2020			Year Ended December 31, 2021			Year Ended December 31, 2020		
	Pre-Tax (Loss) Income	Income Tax (Benefit) Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax (Benefit) Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported⁽¹⁾	\$ (711)	\$ (36)	5.1%	\$ 103	\$ 28	27.2%	\$ (475)	\$ (17)	3.6%	\$ 252	\$ 64	25.4%
Goodwill impairment ⁽²⁾	781	31		-	-		781	31		-	-	
Non-GAAP Adjustments ⁽²⁾	(13)	-		68	23		4	6		167	46	
Adjusted⁽³⁾	<u>\$ 57</u>	<u>\$ (5)</u>	(8.8)%	<u>\$ 171</u>	<u>\$ 51</u>	29.8%	<u>\$ 310</u>	<u>\$ 20</u>	6.5%	<u>\$ 419</u>	<u>\$ 110</u>	26.3%

(1) Pre-tax (loss) income and income tax (benefit) expense. Includes a pre-tax non-cash goodwill impairment charge of \$781 million for the three months and year ending December 31, 2021.

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

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

Operating (Loss) Income and Margin reconciliation

(in millions)	Three Months Ended December 31, 2021			Three Months Ended December 31, 2020			Year Ended December 31, 2021			Year Ended December 31, 2020		
	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin
Reported ⁽¹⁾	\$ (711)	\$ 1,777	(40.0)%	\$ 103	\$ 1,930	5.3%	\$ (475)	\$ 7,038	(6.7)%	\$ 252	\$ 7,022	3.6%
Adjustments:												
Goodwill impairment	781			-			781			-		
Restructuring and related costs, net	(1)			29			38			93		
Amortization of intangible assets	13			22			55			56		
Transaction and related costs, net	-			-			-			18		
Other expenses, net	4			30			(24)			45		
Adjusted	<u>\$ 86</u>	<u>\$ 1,777</u>	<u>4.8%</u>	<u>\$ 184</u>	<u>\$ 1,930</u>	<u>9.5%</u>	<u>\$ 375</u>	<u>\$ 7,038</u>	<u>5.3%</u>	<u>\$ 464</u>	<u>\$ 7,022</u>	<u>6.6%</u>

⁽¹⁾ Pre-tax (loss) income. Includes a pre-tax non-cash goodwill impairment charge of \$781 million for the three months and year ending December 31, 2021.

Free Cash Flow reconciliation

<u>(in millions)</u>	<u>Three Months Ended December 31,</u>			<u>Year Ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Reported ⁽¹⁾	\$ 198	\$ 235	\$ (37)	\$ 629	\$ 548	\$ 81
Capital expenditures	<u>(16)</u>	<u>(14)</u>	<u>(2)</u>	<u>(68)</u>	<u>(74)</u>	<u>6</u>
Free Cash Flow	<u>\$ 182</u>	<u>\$ 221</u>	<u>\$ (39)</u>	<u>\$ 561</u>	<u>\$ 474</u>	<u>\$ 87</u>

⁽¹⁾ Net cash provided by operating activities.

Other Expenses, net reconciliation

(in millions)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Reported	\$ 4	\$ 30	\$ (24)	\$ 45
Less: Non-service retirement-related costs	(25)	(9)	(89)	(29)
Less: Contract termination costs – IT services	-	-	-	3
Less: Loss on early extinguishment of debt	-	26	-	26
Adjusted	<u>\$ 29</u>	<u>\$ 13</u>	<u>\$ 65</u>	<u>\$ 45</u>

Free Cash Flow – Guidance

<u>(in millions)</u>	<u>FY 2022</u>
Operating Cash Flow⁽¹⁾	At least \$475
Less: capital expenditures	<u>(75)</u>
Free Cash Flow	<u>At least \$400</u>

⁽¹⁾ *Net cash provided by operating activities.*

Net Income (Loss) and EPS reconciliation – historical

(in millions, except per share amounts)	Q1-20		Q2-20		Q3-20		Q4-20		Year Ended December 31, 2020		Q1-21		Q2-21		Q3-21	
	Net (Loss) Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS
Reported ⁽¹⁾	\$ (2)	\$ (0.03)	\$ 27	\$ 0.11	\$ 90	\$ 0.41	\$ 77	\$ 0.36	\$ 192	\$ 0.84	\$ 39	\$ 0.18	\$ 91	\$ 0.46	\$ 90	\$ 0.48
Restructuring and related costs, net	41		3		20		29		93		17		12		10	
Amortization of intangible assets	11		10		13		22		56		15		14		13	
Transaction and related costs, net	17		7		(6)		-		18		-		-		-	
Non-service retirement-related costs	1		(8)		(13)		(9)		(29)		(20)		(22)		(22)	
Loss on early extinguishment of debt	-		-		-		26		26		-		-		-	
Contract termination costs - IT services	3		-		-		-		3		-		-		-	
Income tax on adjustments	(21)		(3)		1		(23)		(46)		(4)		(1)		(1)	
Adjusted	\$ 50	\$ 0.21	\$ 36	\$ 0.15	\$ 105	\$ 0.48	\$ 122	\$ 0.58	\$ 313	\$ 1.41	\$ 47	\$ 0.22	\$ 94	\$ 0.47	\$ 90	\$ 0.48
Dividends on preferred stock used in adjusted EPS calculation ⁽²⁾		\$ 4		\$ 3		\$ 4		\$ -		\$ 14		\$ 4		\$ 3		\$ 4
Weighted average shares for adjusted EPS ⁽²⁾		216		216		213		209		211		198		189		182

⁽¹⁾ Net (Loss) Income and EPS attributable to Xerox Holdings Corporation.

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

Operating (Loss) Income and Margin reconciliation – historical

(in millions)	Q1-20			Q2-20			Q3-20			Q4-20			Year Ended December 31, 2020			Q1-21			Q2-21			Q3-21		
	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported ⁽¹⁾	\$ (5)	\$ 1,860	(0.3%)	\$ 35	\$ 1,465	2.4%	\$ 119	\$ 1,767	6.7%	\$ 103	\$ 1,930	5.3%	\$ 252	\$ 7,022	3.6%	\$ 53	\$ 1,710	3.1%	\$ 99	\$ 1,793	5.5%	\$ 84	\$ 1,758	4.8%
Adjustments:																								
Restructuring and related costs, net	41			3			20			29			93			17			12			10		
Amortization of intangible assets	11			10			13			22			56			15			14			13		
Transaction and related costs, net	17			7			(6)			-			18			-			-			-		
Other expenses, net	23			7			(15)			30			45			4			1			(33)		
Adjusted	<u>\$ 87</u>	<u>\$ 1,860</u>	4.7%	<u>\$ 62</u>	<u>\$ 1,465</u>	4.2%	<u>\$ 131</u>	<u>\$ 1,767</u>	7.4%	<u>\$ 184</u>	<u>\$ 1,930</u>	9.5%	<u>\$ 464</u>	<u>\$ 7,022</u>	6.6%	<u>\$ 89</u>	<u>\$ 1,710</u>	5.2%	<u>\$ 126</u>	<u>\$ 1,793</u>	7.0%	<u>\$ 74</u>	<u>\$ 1,758</u>	4.2%

⁽¹⁾ Pre-Tax (Loss) Income.

Free Cash Flow reconciliation – historical

	<u>Q1-20</u>	<u>Q2-20</u>	<u>Q3-20</u>	<u>Q4-20</u>	<u>Year Ended December 31, 2020</u>	<u>Q1-21</u>	<u>Q2-21</u>	<u>Q3-21</u>
<i>(in millions, except per share amounts)</i>								
Reported ⁽¹⁾	\$ 173	\$ 34	\$ 106	\$ 235	\$ 548	\$ 117	\$ 214	\$ 100
Less: capital expenditures	(23)	(19)	(18)	(14)	(74)	(17)	(16)	(19)
Free Cash Flow from Continuing Operations	<u>\$ 150</u>	<u>\$ 15</u>	<u>\$ 88</u>	<u>\$ 221</u>	<u>\$ 474</u>	<u>\$ 100</u>	<u>\$ 198</u>	<u>\$ 81</u>

⁽¹⁾ Net cash provided by operating activities.

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