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

FORM 10-K

(Mark One)

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

For the fiscal year ended: December 31, 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 and Zip Code)

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

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

Xerox Holdings Corporation Common Stock, $1 par value	**XRX**	**Nasdaq Global Select Market**
Title of each class	Trading Symbol	Name of each exchange on which registered

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

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 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 ☐ **Xerox Corporation** ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Xerox Holdings Corporation ☒ **Xerox Corporation** ☒

Indicate by 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 ☒

The aggregate market value of the voting stock of the registrant held by non-affiliates as of June 30, 2021 was $4,279,321,992.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

Class	Outstanding at January 31, 2022
Xerox Holdings Corporation Common Stock, $1 par value	156,354,571

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document are incorporated herein by reference:

Document	Part of Form 10-K in which Incorporated
Xerox Holdings Corporation Notice of 2022 Annual Meeting of Shareholders and Proxy Statement (to be filed no later than 120 days after the close of the fiscal year covered by this report on Form 10-K)	III

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 pandemics, such as 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 successfully develop new products, technologies and service offerings and to protect our intellectual property rights; reliance on third parties, including subcontractors, for manufacturing of products and provision of services and the shared service arrangements entered into by us as part of Project Own It; our ability to attract and retain key personnel; 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 or that cyberattacks could result in a shutdown of our systems; 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 and transformation actions; our ability to manage changes in the printing environment like the decline in the volume of printed pages and extension of equipment placements; changes in economic and political conditions, trade protection measures, licensing requirements and tax laws in the United States and in the foreign countries in which we do business; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law; interest rates, cost of borrowing and access to credit markets; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; funding requirements associated with our employee pension and retiree health benefit plans; changes in foreign currency exchange rates; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; and any impacts resulting from the restructuring of our relationship with Fujifilm Holdings Corporation.

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 Annual Report on Form 10-K, as well as in Xerox Holdings Corporation’s and Xerox Corporation’s combined Quarterly Reports on Form 10-Q and 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 we assume 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 Annual Report on Form 10-K ("combined Form 10-K"), 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,” or 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-K
December 31, 2021

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Part I

Item 1. Business

Xerox is a workplace technology company, building and integrating software and hardware for enterprises large and small. As customers seek to manage information across digital and physical platforms, we deliver a seamless, secure and sustainable experience. Whether inventing the copier, the Ethernet, the laser printer or more, Xerox has long defined the modern work experience and continues to do so with investments in artificial intelligence (AI), augmented reality (AR)-driven service experiences, robotic process automation (RPA), sensors and services for Internet of Things (IoT), 3D printing and Clean Technologies (clean tech).

Geographically, our footprint spans approximately 160 countries and allows us to deliver our technology and solutions to customers of all sizes, regardless of complexity or number of customer locations.

Recent Changes and Developments

In 2021, we proceeded with the standing up of three new businesses: CareAR, Xerox Financial Services (now known as FITTLE) and Innovation (PARC). We will proceed with these efforts in 2022 and provide additional information relating to these businesses during the year.

CareAR Holdings (CareAR) is Xerox's newly formed software business and is comprised of: CareAR, Inc., an enterprise augmented reality business Xerox acquired in late 2020; DocuShare®, a cloud-based content management system; and XMPie, a multi-channel marketing software platform. Together, these software assets combine to provide an AR and AI-driven visual support platform that provides real-time access to expertise for service companies, field service employees and end-use customers.

As disclosed at our Investor Conference on February 23, 2022, we have rebranded our Xerox Financial Services (XFS) business, which is now known as FITTLE. The business has historically offered financing for direct channel customer purchases of Xerox equipment through bundled lease agreements and lease financing to end-user customers who purchase Xerox equipment through Xerox indirect dealer channels. At the outset of 2021, FITTLE changed its strategy to broaden its portfolio of assets financed to include numerous growth opportunities independent of Xerox equipment and services, such as the expansion of its dealer relationships to include an increasing number of non-Xerox dealers, leveraging its existing dealer relationships to finance a wider breadth of products and forming relationships with new vendors. Additionally, in 2021, FITTLE became the primary equipment lease provider for our XBS business.

Innovation (known as PARC Innovation, or PARC) includes the scientists and engineers located at our facilities in Palo Alto, Calif.; Webster, N.Y.; Cary, N.C., and Toronto, Canada. PARC is focused on commercializing disruptive technology in the following areas: 3D Printing, IoT Sensors and clean tech.

In 2021, we also made progress toward our goal of monetizing and strategically diversifying our investments in innovation. In May, we announced the formation of Eloque, a joint venture with the government of Victoria, Australia to commercialize IoT sensor-based technology and services for monitoring the structural health of bridges. In September, we announced the formation of CareAR, in conjunction with a $10 million noncontrolling investment from digital workflow leader ServiceNow, Inc. We also began commercializing our 3D liquid metal printing technology through the sales and placements of ElemX 3D printing devices.

Strategy

The Company's four strategic initiatives, summarized below, remain at the core of how we operate and deliver results for all stakeholders.

1. 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
2. Drive Revenue
    - Drive increased adoption and utilization of CareAR
    - Scale IT Services and robotic process automation in the small and medium-sized business (SMB) market
    - Grow our financing business as a global financing solutions business
    - Expand distribution of digital solutions among existing Print and Services clients

3. Monetize Innovation
    - Leverage $250 million corporate venture fund to bolster investment and innovation
    - Add value-added equity partners to accelerate development and market penetration
    - Embed PARC's technology into new and existing businesses
4. Focus on cash flow and increasing capital returns
    - Maximize annual free cash flow[1] generation
    - Deploy excess capital for strategic M&A
    - Opportunistic share repurchases

(1) Free cash flow is defined as Operating cash flow from continuing operations less capital expenditures.

The COVID-19 pandemic has accelerated the transformation of the workplace into a more flexible, hybrid environment. In response, we continue to invest in innovation to bolster and diversify our portfolio of offerings for hybrid workplace environments, including investments in Digital Services such as Capture & Content and Customer Engagement Services, which enable work to flow seamlessly between the office and home. During the year, we released Workflow Central, which extends the document workflow solutions available through our ConnectKey® multifunction printer interface to all devices, including PCs and smartphones, for easier access to workflow solutions on the go. Additionally, the hybrid work environment has increased SMB needs for IT Services, an area in which we are well positioned to succeed given our direct SMB sales presence. Organic and inorganic growth in digital and IT services, along with continued market share gains in equipment sales, are central to our objective of stabilizing and growing our Print and Services business for the long-term.

Optimize Operations for Simplicity

Project Own It is Xerox's enterprise-wide initiative to simplify operations, drive continuous improvement and free up capital to reinvest in the business. Through this initiative, we have delivered approximately $1.8 billion of gross savings during the 42 month-period ending December 31, 2021. We exceeded our gross cost savings target of $375 million for Project Own It in 2021. We expect to deliver $300 million of gross cost savings in 2022. Savings generated by Project Own It will enable us to invest in our operations, targeted adjacencies and innovation focus areas and ultimately help improve our long-term revenue trajectory.

Drive Revenue

Our roadmap, summarized below, focuses on growing revenue by increasing Xerox's leadership position in the print market while expanding into targeted adjacent and new markets:

- **Gain share in Print.** Building on our leadership positions in Print is central to gaining market share. In the workplace, we continue to differentiate Xerox multifunction printers with apps and integrated workflow solutions that speed digital transformation and support workers in and out of the office. In production, investments are targeted to push Xerox into growth areas such as embellishments and inkjet. We recently made improvements to FreeFlow®, our software offering for the production print market which helps automate large and complex print workflows. We gained market share in the last five consecutive quarters and are number one in Office and Production Print and Managed Print Services.
- **Expand penetration of Managed and Digital services.** Managed and Digital services leverage the full Xerox portfolio to offer horizontal and vertical offerings that grow our share of our client's IT spend and expand the Company's customer base. Increasingly, our Managed and Digital solutions offerings are targeting opportunities to help clients digitally transform their document workflows and manage the evolving nature of hybrid workplace formats. Our direct relationships with large enterprises, governments and SMB provide us the opportunity to expand our share of our clients' spend with a broad breadth of services that are supported by leading levels of security.
- **Drive increased adoption and utilization of CareAR.** CareAR's AR-driven service experience platform is in the early stages of customer adoption. To date, client interest and product trials have been positive, and we are seeing traction in the conversion of trials to subscriptions. We are investing in CareAR's product, people and distribution partners and expect our refined go-to-market approach to drive significant growth in 2022.
- **Scale IT Services in the SMB market.** Ongoing investments in indirect market channels, Xerox Business Solutions (XBS) and similar European sales channels position Xerox to grow in the SMB market, which accounts for the majority of our business. We are expanding our IT Services business geographically and with enhanced capabilities to support growth in this market, including an expansion of our offerings to include cyber security, RPA and other digital solutions.

- **Grow FITTLE as a global financing solutions business.** As a newly stood up business, FITTLE will be charged with expanding its book of lease receivables beyond Xerox and beyond print and print services. FITTLE's long-term strategy for growth includes an expansion of dealer relationships, broadening its base of business beyond standard office equipment and signing direct financing arrangements with equipment vendors.
- **Commercialize research at PARC.** Since 2019, PARC's mandate has been to advance its research efforts through to the commercialization stage. In that time, PARC's most substantially commercialized technology has been its Eloque IoT bridge sensor platform and its 3D print technology through sales of ElemX printers. We expect both Eloque and 3D to grow revenues rapidly in future years. PARC's clean tech efforts address a large total addressable market (TAM), and our expectation is that this technology will reach commercialization within the next few years.

Monetize Innovation

In 2021, we delivered on our commitment to monetize innovation by commercializing offerings in 3D print and IoT sensors. For 3D print, we began placing and selling ElemX printers. For industrial IoT sensors and services, we deployed our sensor technology across bridges in Victoria, Australia and have signed orders to significantly expand the number of bridges with our sensor technology in 2022. We are also in discussions with select European countries and multiple U.S. states to deploy pilots in early 2022. To further monetize our innovation and develop disruptive offerings, PARC-developed technologies in AI and AR are being integrated into CareAR's product roadmaps and other parts of our portfolio.

We added equity partners to accelerate the development and market penetration of certain commercial offerings, including: CareAR, with ServiceNow's $10 million equity investment; and our IoT bridge sensor technology, through the formation of Eloque. In both cases, our investment partners possess specific domain expertise that can drive further development and adoption of our commercialized innovations. We will look to structure more such investments across our portfolio of innovations as part of the commercialization strategy for each.

In 2021, Xerox established a $250 million corporate venture capital fund to invest in startups and early and mid-stage growth companies aligned with the Company's innovation focus areas and targeted adjacencies. The corporate venture capital fund further enhances the Company's existing innovation ecosystem and drives growth and financial returns through investment, commercial partnerships and co-development of new technologies. Xerox Ventures made investments totaling approximately $8 million in 2021, and plans to deploy the remainder of its $250 million of planned investment over the next one to five years.

Refer to the Research, Development and Engineering Expenses (RD&E) section in Item 7 of this combined Form 10-K as well as Note 1 - Basis of Presentation and Summary of Significant Accounting Policies in the Consolidated Financial Statements for additional information regarding RD&E spending.

Focus on Cash Flow and Increasing Capital Returns

Our business is based on a model where a large portion of revenues are generated by multi-year contractual arrangements, with approximately 80 percent coming from post sale revenue, our most profitable revenue stream. Additionally, low annual capital expenditures (less than 1 percent of revenues) are required to support our current business model. These factors contribute to our ability to generate positive cash flow.

We will deploy our cash flow to drive shareholder returns through:

- A commitment to return at least 50 percent of our free cash flow (defined as Operating cash flows from continuing operations less capital expenditures) to shareholders through a combination of dividends and share repurchases; and
- Selective pursuit of acquisitions in targeted growth areas.

Acquisitions and Investments

Acquisitions

We believe our current capital structure and positive cash flow allow us to pursue M&A opportunities to support our growth expectations. We maintain a broad M&A pipeline that includes targets within the print industry and adjacent markets. In 2021, Xerox completed three acquisitions of local area resellers and partners (including multi-brand dealers) including an office equipment dealer in Canada, a document solutions provider in the U.S. and an IT services business in the U.S. Additionally, we acquired the CraftAR and MagicLens businesses in support of CareAR.

Joint Venture Formation

In 2021, Xerox and the Victorian Government (AU) (VicGov) announced that they have partnered to launch Eloque, a venture to commercialize new technology that will remotely monitor the structural health of critical infrastructure assets, such as road and railway bridges. Under the terms of the agreement, Xerox contributed cash, along with technology and intellectual property for a controlling interest in the entity, while VicGov contributed cash, along with technology and intellectual property for a noncontrolling interest in the entity.

ServiceNow, Inc. Investment in CareAR

In 2021, in connection with Xerox Holdings Corporation's announcement of the formation of the CareAR software business, ServiceNow, Inc. acquired a noncontrolling interest in CareAR Holdings LLC.

Further details about our acquisitions and investments can be found in Note 5 - Acquisitions and Investments, in the Consolidated Financial Statements.

Segment Information

Our business is organized to ensure we focus on efficiently managing operations while serving our customers and markets in which we operate. As previously noted, during 2021 we proceeded with the standing up of three new businesses: CareAR, FITTLE and Innovation (PARC). However, notwithstanding that effort, the operations and financial results for these units continued to be primarily managed by and reported in our “go-to-market” (GTM) sales channels and we did not have discrete and complete financial information for these new businesses. Accordingly, we continued to have one operating and reportable segment in 2021.

We maintain a geographic focus and are primarily organized from a sales perspective on the basis of “go-to-market” sales channels. These sales channels are structured to serve a range of customers for our products and services. As a result of this structure, we recognize that we have one operating and reportable segment - the design, development and sale of printing technology and related solutions.

As part of our strategy, we integrate our capabilities across technology, software and services that offer our customers the broadest solutions-enabled portfolio in the industry to address their needs of workflow simplification, security and productivity across their digital and physical document processes.

Revenues

We have a broad and diverse base of customers by both geography and industry, ranging from SMBs to printing production companies, governmental entities, educational institutions and Fortune 1000 corporations. Our business does not depend upon a single customer, or a few customers, the loss of which would have a material adverse effect on our business. Our business spans four primary offering areas: **Workplace Solutions, Production Solutions, Xerox Services** and **FITTLE.**

Workplace Solutions is made up of two strategic product groups, **Entry** and **Mid-Range**, much of which share common solutions, apps and ConnectKey® software. Workplace Solutions revenues include the sale of products (captured primarily as equipment sales) as well as the supplies and associated technical service and financing of those products through FITTLE (captured as post sale revenue).

- **Entry** comprises desktop monochrome and color printers and multifunction printers (MFPs) ranging from small personal devices to office workgroup printers and MFPs. We recently extended our ConnectKey® system of digital workflow applications to select entry devices.
- **Mid-Range** are larger devices that have more features and can handle higher print volumes and larger paper sizes than entry devices. We are a leader in this area of the market and offer a wide range of MFPs, digital printing presses and light production devices, as well as solutions that deliver flexibility and advanced features.

Production Solutions (High-End) are designed for customers in the graphic communications, in-plant and production print environments with high-volume printing requirements. Our broad portfolio of presses and solutions provides full-color, on-demand printing of a wide range of applications. Our xerographic presses provide high-speed, high-volume cut-sheet printing, ideal for publishing, and transactional printing, including variable data for personalized content and one-to-one marketing, to the highest quality of color and embellishment requirements. Our cut-sheet press enables new applications in true high-definition resolution with high fusion ink, AI Powered image quality and advanced productivity technologies. Our portfolio spans a variety of print speeds, image quality, feeding, finishing and media options. Production Solutions revenues include the sale of products (captured primarily in equipment sales) as well as, software, supplies and the associated technical service and financing of those products (captured as post sale revenue). **FreeFlow®** is a portfolio of software offerings that brings intelligent workflow automation and integration to the processing of high-end print jobs, from file preparation to final production, helping customers of all sizes address a wide range of business opportunities including automation, personalization and even electronic publishing.

Xerox Services includes a continuum of solutions and services that help our customers optimize their print and communications infrastructure, apply automation and simplification to maximize productivity, and ensure the highest levels of security. Xerox has the capability to support integration and document security on a global scale, which are critical factors for large enterprises. Our primary offerings in this area are Managed Print Services (MPS), Capture & Content Services (CCS) and Customer Engagement Services (CES) as well as IT Services. CCS and CES encompass a range of Digital Services that leverage our software capabilities in Workflow Automation, Personalization and Communication Software, Content Management Solutions, and Digitization Services. The COVID-19 pandemic shifted our customers' focus toward secure, efficient and flexible solutions to operate in a hybrid work environment. As a result, we enhanced our focus on the development and promotion of offerings to help our customers accelerate their digital transformation.

- **Managed Print Solutions (MPS)** utilizes our portfolio of security, analytics, cloud, digitization and ConnectKey® technologies to help companies optimize their print infrastructure, secure their print environment and automate related business processes. We provide the most comprehensive portfolio of MPS services in the industry and are recognized as an industry leader by major analyst firms including IDC and Quocirca. Our MPS offering targets clients ranging from global enterprises to governmental entities to small and medium-sized businesses, including those served via our channel partners. This portfolio includes a suite of services to help clients manage hybrid workforces, including cost effective and secure printing devices along with apps and software tools that enable work from anywhere, cloud server-enabled fleet management, security and automation software and remote customer support. In 2021, we launched **Workflow Central,** which extends the document workflow solutions available through our ConnectKey® technologies to all devices, including PCs and smartphones, for easier access to workflow solutions in hybrid workplace environments.
- **Capture & Content Services (CCS)** enables content digitization and management, workflow automation and intelligent document processing and includes offerings such as **Digital Mailroom**, where we use scanning and capture technology combined with AI to extract printed and digital information into usable data that is routed into business workflows (such as accounts payable) or into archives, integrating with cloud-based content management systems such as our DocuShare® software.
- **Customer Engagement Services (CES)** enable the integration of Xerox technology, software and services to securely design and manage our clients' personalization and customization of targeted communications. These services include **Digital Hub and Cloud Print** services, a one-stop shop where customers can submit print jobs from anywhere and leverage our Web2Print portal with on and off-site printing networks to meet their printing or marketing collateral needs on demand. Our Customer Communications Management and Campaigns on Demand solutions help drive personalized and meaningful communications and touchpoints.
- **IT Services**, provides SMB customers with cost efficient and secure solutions, including end user computing devices, network infrastructure, communications technology, and a range of managed IT solutions, such as technology product support, professional engineering and commercial RPA.

FITTLE is a global financing solutions business and currently offers financing for direct channel customer purchases of Xerox equipment through bundled lease agreements, and lease financing to end-user customers who purchase Xerox equipment through our indirect channels.

In addition to our four primary offering areas described above, a smaller but growing portion of our revenues comes from non-core streams including paper sales in our developing market countries, wide-format systems, licensing revenue, as well as the following key focus areas for investment and growth:

- **CareAR** is Xerox's newly formed software business and is comprised of: **CareAR**, an AR and AI-driven visual support software platform that provides real-time access to expertise for service companies, field service employees and end-user customers; **DocuShare®,** a content management software platform that provides a better way to capture, store and share paper and digital content, either on-premises or in the cloud while automating time-consuming, document-heavy processes like accounts payable, HR onboarding, contract management and mortgage processing; and **XMPie,** a robust personalization and communication software platform that can support the needs of omni-channel communications customers, from onboarding to retention.
- **PARC** comprises the research efforts undertaken at our facilities located in Palo Alto, Calif.; Webster, N.Y.; Cary, N.C., and Toronto, Canada. PARC is focused on incubating, productizing and commercializing disruptive technology aligned with innovation focus areas such as 3D Printing, Sensors and Services for the IoT, AI and clean tech. Many of the technologies being researched are in early stages of development. Certain technologies, such as IoT sensors, 3D and various government-funded projects currently generate revenue.

Geographic Information

Overall, approximately 40% of our revenue is generated by customers outside the U.S. Additional details can be found in Note 3 - Segment and Geographic Area Reporting in the Consolidated Financial Statements.

Patents, Trademarks and Licenses

In 2021, Xerox and its subsidiaries were awarded 314 U.S. utility and design patents. Our patent portfolio evolves as new patents are awarded to us and older patents expire. As of December 31, 2021, Xerox held approximately 7,930 U.S. utility and design patents. These patents expire at various dates up to 20 years or more from their original filing dates. While we believe that our portfolio of patents and applications has value, in general no single patent is essential to our business. In addition, any of our proprietary rights could be challenged, invalidated or circumvented, or may not provide significant competitive advantages.

In 2021, we were party to multiple patent-related agreements and, in the majority of them, we licensed or assigned our patents to others in return for revenue and/or access to their patents or to further our business goals. Most patent licenses expire concurrently with the expiration of the last patent identified in the license or after a specified term of years. We were also party to a number of cross-licensing agreements with companies that also hold substantial patent portfolios. These agreements vary in subject matter, scope, compensation, significance and duration.

In the U.S., we own approximately 191 U.S. trademarks, either registered or applied for. These trademarks have a perpetual life, subject to renewal every 10 years. We vigorously enforce and protect our trademarks.

Environmental, Social, and Governance (ESG)

At our core is a deep and long-lasting commitment to ESG, a pledge to inspire and support our people, conduct business ethically across the value chain and preserve our planet. This commitment stems from our corporate values established over sixty years ago, which include: succeeding through satisfied customers; delivering quality and excellence in all we do; requiring a premium return on assets; using technology to develop market leaders; valuing and empowering our employees; and behaving responsibly as a corporate citizen.

We continue this legacy by turning investments in innovation into products and services that help our customers be more productive, profitable and sustainable. Driving efficiency in our business operations, smart investments in technologies that afford our customers added agility-personalization, automation and better workflow as part of our customer-centric approach, underpin our corporate social responsibility efforts. We do this in our own operations, as well as in workplaces, communities and cities around the world. We recognize the world's challenges such as climate change and human rights and understand the role we play.

We are focused on how we can simplify work, deliver more personalized experiences and improve productivity through new technologies. We strive to connect the physical and digital worlds without adversely affecting the environment, human health and safety.

Our pledge to inspire and support our people, conduct business ethically and protect our planet remains at the core of everything we do. At Xerox, we believe in continuously improving, and we apply this mentality to ensuring we are always finding ways to improve the sustainability of our operations.

The **Xerox 2021 Corporate Social Responsibility (CSR) Report** describes our management approach related to ESG. Our work aligns with the United Nations Sustainable Development Goals (SDGs), which provide a framework to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. To ensure we are responsive to all stakeholders, Xerox has also been reporting in accordance with the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate Change Related Disclosures (TCFD). (The 2021 CSR Report, SASB report and TCFD report are accessible at www.xerox.com/CSR. The content of our website is not incorporated by reference in this combined Form 10-K unless expressly noted.)

Environment

With climate change being one of the defining issues of our time, we fast-tracked our net zero goal by 10 years to 2040 and integrated climate change-related risks and opportunities into our Enterprise Risk Management. We are sharing our roadmap to reach net zero for the first time in our 2021 CSR Report. Our roadmap covers our full value chain and focuses on improving processes and energy efficiency as well as designing environmentally responsible products and clean technologies that extend beyond print. Our interim goal is to reduce our Scope 1 and Scope 2 GHG emissions at least 60% by 2030, against the Company's 2016 baseline. This is in line with the ambitious science-based global warming target, validated and approved by the Science Based Targets initiative (SBTi). Our GHG emissions are third-party validated in accordance with ISO 140064-3:2006 and are updated in our progress summary as new data becomes available.

Xerox has long paired its technology with sustainability, influencing not just our industry but others. Serving as an ENERGY STAR Charter Partner, Xerox helped the U.S. Environmental Protection Agency (EPA) create its standards and still works with the agency today. Since 1993, more than 500 Xerox® products have achieved ENERGY STAR registration. In 2021, 100% of our eligible new products have achieved ENERGY STAR and EPEAT registration. ENERGY STAR requirements serve as the foundation for other eco-labels such as Electronic Products Environmental Assessment Tool (EPEAT) that is composed of criteria spanning corporate and product requirements. EPEAT product criteria combine comprehensive requirements for design, production, energy use, and recycling, with ongoing independent verification of manufacturer claims.

Circular economy initiatives remain a part of our business strategy. Our first commercial product in 1959, the Xerox 914, introduced electronics remanufacturing long before the term “circular economy” became popular. Our vision was to transform Xerox manufacturing, operations, offices and facilities into waste-free workplaces. We had this same vision for our clients’ workplaces: a world where electronics and supplies at the end of their useful life would come full circle to become raw materials for tomorrow’s technology. In this model, quality and performance are not compromised, precious natural resources are conserved, and waste becomes obsolete. Six decades later, we continue to demonstrate that a circular economy delivers environmental, economic and societal benefits. To meet this commitment, we have developed several collection and waste reduction programs, while also designing technology to align with the circular economy’s key elements. The majority of spent toner cartridges and other consumables returned through Green World Alliance (GWA) are recycled, reused or remanufactured. We have established a product goal of 25% post-consumer recycled content in our eco-label eligible devices and have an intense effort underway for achievement in the short term.

Social

Our Employees

As of December 31, 2021, we had approximately 23,300 employees; a reduction of approximately 1,800 (7.2%) employees since December 31, 2020. The reduction is a result of net attrition (attrition net of gross hires), of which a large portion is not expected to be back filled, as well as the impact from organizational changes. Approximately 11,900 employees were located in the U.S. and approximately 11,400 employees were located outside the U.S. We had approximately 11,800 employees or almost half of our employees engaged in providing services to customers (direct service and managed services) and approximately 2,900 engaged in direct sales.

Approximately 20% of our employees are represented by unions or similar organizations, such as worker’s councils, and are covered by collective bargaining agreements, with approximately 90% located outside the U.S. As of December 31, 2021, approximately 30% of our employees were women and 30% of our U.S. employees self-identified as diverse.

Employee Safety

Throughout the pandemic, our priority has been the health and safety of our employees, clients, partners and their families. We continue to monitor developments around the clock and utilize a 24/7 email box to keep the entire Xerox community safe while minimizing the impact on operations during this public emergency. This year, we expanded the use of the Xerox Team Availability App to track employee vaccination rates in the U.S. and Canada. Employees in the U.S. are required to use the app to indicate whether or not they are vaccinated. Employees in Canada are asked to voluntarily disclose this information to aid decision-making.

Starting in May 2021, we ran an internal campaign to encourage employees to get vaccinated once they were able to do so. The campaign kicked off with a message from our CEO, which linked to an intranet feature with employee stories about why it’s important for them to get vaccinated. These included both professional and personal anecdotes. To round out the campaign, we hosted a series of seven vaccination information sessions with independent medical doctors across multiple geographies and in three languages. The doctors provided helpful information and answered employees' questions.

The Xerox COVID-19 Response Team - comprised of representatives from Environmental, Health, Safety & Sustainability, Human Resources, Security, Facilities, Legal, Communications and more - meets several times a week. We closely follow government and public health organizations’ guidance. Our business continuity and pandemic preparedness plans contain the latest standards from industry best practices and our own experience to define requirements.

Given the variety of operations and activities performed by our employees both in our Xerox workplace and client accounts across the world, we have conducted hazard analysis and put in place control processes including exposure assessments/contract tracing, personal protective equipment, work-from-home measures, safety procedures and COVID-19 testing. These practices control transmission and maximize the safety of our employees and the clients we support. In 2021, Xerox's Days Away from Work Case Injury Rate was .37, which was 8% better than the 2020 rate of .40, and better than the 2021 targeted rate of .49 by 24%. For 2022, Xerox has set the targeted Days Away From Work Injury Rate at .44.

Optimize Operations for Success

Under Project Own It, we have taken steps to ensure we have the right talent in place to support the evolving needs of our business. Steps taken include, but are not limited to:

- Realigning the workforce in support of the Company's strategy;
- Right-sizing parts of the business based on shifting customer needs; and
- Optimizing shared services.

In addition, we utilized government programs to furlough employees to protect both Xerox and our employees' financial wellness.

Diversity, Inclusion and Belonging

Diversity, inclusion and belonging (DIB) is an essential part of our culture and value system. For over half a century, Xerox has always strived to be a leader in this space and continues to be at the forefront of driving change within our Company and our communities. In 2020, we reaffirmed our commitment to DIB by developing a new roadmap to identify areas where we can have a bigger impact on employees and society. To support this, our roadmap and our actions during 2021 focuses on:

- **Diverse Pipeline**: Building a diverse pipeline and accelerating the careers of underrepresented talent within the organization.
- **Partnership**: Building relationships with external organizations to ensure that our incoming talent better reflects the markets and communities we serve. For example, we are working with AI vendors to increase the pool of women and diverse candidates for our job openings using their unique artificial intelligence algorithms.
- **Culture Change**: Reinforcing a Company-wide culture of belonging. In 2020, we held our first-ever global DIB virtual conference, hosted by our Employee Resources Groups (ERGs), which was open to all Xerox employees. The conference, which was also held in 2021, is an important milestone in our ongoing commitment to cultivating global and diverse teams across the Company.
- **Community Outreach**: Extending our reach into the communities that we serve. For example, in the U.S., we are partnering with A Better Chance (ABC) and the Thurgood Marshall College Fund Leadership Institute to help underrepresented and financially challenged youth pave a better career future. In the U.K., we partner with Black Young Professionals Network to mentor black professionals and provide career opportunities.
- **Accountability**: Measuring our progress against our ESG metrics and continuing to be transparent by utilizing our CSR Report to inform the public about our strategy and progress. We are confident that over time, our efforts will yield sustainable progress in this critical business challenge.

Talent Management and Workforce Development

Talent management and workforce development are critical for the future of Xerox and fueling business growth and innovation. We use high-impact practices and technology to drive global workforce capability and integrate learning with work. Our organization and talent planning processes include reviews with business leaders to build our talent pipeline. More broadly, Human Resources (HR) provides a forum for management to review the future needs of the organization, noting strengths, gaps and strategies to build strong teams for the next chapter at Xerox. The Company is also committed to accelerating the careers of high-potential, diverse employees and women along with identifying more diverse candidates for open roles. For example, we are currently working with the second cohort of our one-year, intensive development program, Vista, which is designed to accelerate and broaden our highest-potential, earlier-in-career professionals from all over the Company and the world. Our leaders embrace and support the Wilson Rule, named after Joseph Wilson, a former CEO of the Company, which requires that one out of every three final candidates for professional roles be diverse. Finally, we provide diversity training sessions to managers to reinforce the importance of a diverse workforce.

Global Learning Innovation

The COVID-19 pandemic has accelerated the way HR leaders and organizations must prepare for and anticipate the needs of the business, not just today, but in the near future, and most notably with regard to moving learning out of the live classroom.

Our Learning and Development (L&D) function has been using different forms of digital technology to train and reskill employees such as salespeople who are no longer able to be out in the field due to the ongoing COVID-19 pandemic. At the onset of the COVID-19 pandemic, our L&D function pivoted to a digital learning approach to train and reskill employees across the globe. Our employees have access to a global learning platform that includes hundreds of targeted online courses, virtual classroom events, simulations, job aids, and other learning and development resources. Learning topics include critical job-specific information and technical upskilling, management development and professional effectiveness, productivity tools for project management, client service, negotiations, technology solutions, ethics, diversity and inclusion, and information security.

As our business evolves, we will continue to leverage technology and identify new skills or capabilities required to ensure we remain competitive in the global market.

Total Rewards

Our success depends on attracting, retaining, and motivating a highly productive, global workforce. To achieve this, we take pride in offering our employees a comprehensive Total Rewards program that includes various compensation, benefits, and work-life programs. Our programs are designed to achieve the following objectives:

- **Drive shareholder value**: support our business strategy and culture.
- **Align with performance**: incentivize the right behaviors – when the Company wins, our employees win.
- **Support our talent strategy**: attract, retain and motivate a productive workforce.

As with most global companies, our compensation and benefits vary based on employee eligibility, and local practices and regulations. We benchmark our programs to ensure we remain competitive with our peers and the markets we serve, and to maintain alignment with our short-term and long-term business goals.

Our compensation offerings include base pay and short-term and long-term incentive programs. Our short-term programs include: a Management Incentive Plan (MIP), designed to drive Xerox's pay for performance culture and incentivize our leaders to help Xerox achieve sustainable growth; sales compensation programs to tightly align our sales force with business goals; and a Profit Share Plan (PSP), designed to give a broad population of our employees an opportunity to share in the organization's success. A Long-Term Incentive (LTI) equity-based program reinforces alignment of our leaders and key talent with shareholders.

Our benefit offerings provide our employees with choice and flexibility to help them reach their health and financial goals. Our offerings include the following core programs: health care, wellness, retirement, paid time off, life and disability insurance, and access to voluntary benefits.

Philanthropy and Community Involvement

From our earliest days as a company, Xerox has demonstrated a steadfast commitment to corporate social responsibility. Our greatest goal is to facilitate employee-driven philanthropy. Together, Xerox and our employees are creating real impact and sustainable change for the greater good. In 2021, Xerox employees volunteered for approximately 10,900 hours and we have set our 2022 goal at 15,000 Xerox employee volunteer hours.

Our efforts are focused on four strategic areas to maximize change:

- **Strong vibrant communities:** Xerox invests in communities where our people and clients live and work, strengthening ties with our stakeholders and embedding Xerox into the fabric of communities around the world. We encourage our people to give back to the causes they believe in, by providing employees a day each year to volunteer at a cause of their choice. Xerox also offers a limited employee match to certain charitable organizations.
- **Education and workforce preparedness:** Xerox supports the role of education in society—colleges, universities, science, technology, engineering and math (STEM) education programs, and workforce development programs that prepare the next generation of leaders, inventors and scientists.
- **Science and technology:** Xerox invests in scientific research and partnerships to serve the long-term strategic interests of the Company and our world.
- **Disaster relief:** Xerox provides aid to our employees and their neighbors in crises during natural disasters.

Governance

The Corporate Governance Committee of the Board of Directors has oversight for ESG. The Committee reviews significant shareholder relations issues and environmental and CSR matters, ensuring that our actions align with our core values and citizenship priorities. The CSR Council, comprised of senior executives who manage specific CSR topic areas, has centralized oversight of the Company's management approach, including policies, goals, strategies and actions to drive progress. The primary mission of the CSR Council is to drive strategies with a client-centric impact, across Xerox globally, to advance our legacy of leadership in corporate citizenship. Actions taken must meet our stakeholders' expectations, including customers, employees, investors, regulators and communities worldwide.

Demonstrating our BOD's and executive staff's commitment to ESG:

- In 2021, we increased the diversity of our board of directors to 40%;
- Expanded the criteria for executives' compensation to include ESG factors;
- Integrated climate change-related risks and opportunities into our Enterprise Risk Management.

Additionally, Xerox takes data protection very seriously. Adherence to our policies governing data protection is enforced through a combination of technical and manual safeguards over our systems and facilities, disciplinary actions against employees, audit rights and other contractual rights against our vendors. We are aligned with both the ISO 27000 Information Security Management System and the National Institute of Standards and Technology Cybersecurity Framework within Xerox, and many of our systems and data centers have been ISO 27000 certified by independent auditors.

Annual training regarding ethics, privacy, and security are required of all our employees. Additional specialized training is required for certain roles and numerous training programs are available for employees to take on their own initiative. In addition, a variety of proprietary and leading industry security features are also used to protect Xerox® devices from malicious attacks. Xerox's robust security and education market solutions were recognized by KeyPoint Intelligence with the Buyers Lab (BLI) 2021-2022 PaceSetter Awards for Worldwide Document Imaging Security for Productions and Office, as well as for the Education Market in North America.

Material Government Regulations

Our business activities are worldwide and are subject to various federal, state, local, and foreign laws and our products and services are governed by a number of rules and regulations. Currently costs incurred to comply with these governmental regulations are not material to our capital expenditures, results of operations and competitive position. Although there is no assurance that existing or future government laws and regulations applicable to our operations, services or products will not have a material adverse effect on our capital expenditures, results of operations and competitive position, we do not currently anticipate material expenditures for government regulations. However, as a result of increased government focus in the U.S. and globally, we believe that environmental and global trade regulations could potentially materially impact our business in the future.

For a discussion of the risks associated with government regulations that may materially impact us, please see Risk Factors included in Item 1A of this combined Form 10-K.

Marketing and Distribution

We go to market with a customer-centric, services-led approach, selling our products and services directly to customers through our direct sales force or indirectly through independent agents, dealers, value-added resellers, systems integrators and e-commerce marketplaces. In addition, we continue to focus on broadening our distribution and offerings to SMBs primarily through XBS, our wholly-owned U.S. subsidiary comprised of regional core companies that provide office technology and services, including IT Services, to SMB customers in the U.S., and through acquisitions of dealers and IT Services providers internationally.

We are structured to serve our customers globally through two primary go-to-market units: the Americas, comprised of the U.S. and Canada along with Mexico, Central and South America; and EMEA, which includes Europe, the Middle East, Africa and India. We have an industry leading and common global delivery model that provides a consistent customer experience worldwide. We believe that this structure creates a leaner and more effective go-to-market model that streamlines our supply chain and provides our customers with best-in-class services.

The Technology Agreement (TA) between Fuji Xerox and Xerox was terminated 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 million. Fuji Xerox elected to continue its use the Xerox brand trademark over the two year period and, therefore, in April 2021, made the upfront payment due under the TA. Accordingly, we expect any potential entry by Xerox 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.

Competition

Although we encounter competition in all areas of our business, we are the leader - or among the leaders - in our core mid-range and high-end product groups. We compete on the basis of technology, performance, price, quality, reliability, brand reputation, distribution, and customer service and support.

The larger competitors in our print business include Canon, HP Inc., Konica Minolta and Ricoh. Our brand recognition, reputation for document management expertise, innovative technology and service delivery excellence are our competitive advantages. These advantages, combined with our breadth of product offerings, global distribution channels and customer relationships, position us as a strong competitor going forward. As we continue our strategy to diversify and grow other businesses, there may be additional non-print competitors.

Customer Financing

We finance a large portion of our direct channel customer purchases of Xerox equipment through bundled lease agreements. We also provide lease financing to end-user customers who purchase Xerox equipment through our indirect channels. We compete with other third-party leasing companies with respect to the lease financing provided to these end-user customers. In both instances, financing facilitates customer acquisition of Xerox technology and enhances our value proposition, while providing Xerox a reasonable return on our investment in this business.

Because our lease contracts allow customers to pay for equipment over time rather than upfront upon installation, we maintain a certain level of debt to support our investment in these lease contracts. We fund our customer financing activity through a combination of cash generated from operations, cash on hand and proceeds from capital market offerings and securitizations. At December 31, 2021, we had approximately $3.1 billion of finance receivables and $253 million of Equipment on operating leases, net, or Total Finance assets of approximately $3.3 billion. We maintain an assumed 7:1 leverage ratio of debt to equity as compared to our Finance assets, which results in approximately $2.9 billion of our $4.2 billion of debt being allocated to our financing business.

Refer to "Debt and Customer Financing Activities" in the **Capital Resources and Liquidity** section of Management's Discussion and Analysis, included in Item 7 of this combined Form 10-K, for additional information.

Manufacturing and Supply

Our manufacturing and distribution facilities are located around the world. Our largest manufacturing site is in Webster, N.Y., where we produce the Xerox iGen, Nuvera, and Baltoro production printing presses and new 3D printers as well as key components and consumables for our products, such as toner. We have manufacturing operations for materials and components in Dundalk, Ireland; Wilsonville, OR; Venray, Netherlands; Ontario, Canada; and Oklahoma City, OK. We conduct sustainable manufacturing in all of these facilities. In addition, we work with various manufacturing and distribution partners. This diversification of suppliers brings flexibility and cost efficiency to our manufacturing and supply chain, a critical component in our strategic initiative to optimize operations for simplicity. FUJIFILM Business Innovation Corp. (formerly Fuji Xerox Co., Ltd.) is our largest partner with whom we maintain product sourcing agreements for specific products across our entry, mid-range and high-end portfolios. We also acquire products from various third parties to increase the breadth of our product portfolio and meet channel requirements. In addition, we outsource certain specialized manufacturing activities to partners, such as Flex Ltd. and Jabil Inc., which are global contract manufacturers with whom we have long-standing relationships.

Our supply chain operations utilize a network of world-class logistics partners who offer warehousing and transportation services. Reverse Logistics is an integral part of our sustainability mission, and we perform these operations at our facility in Cincinnati, OH, and with a network of various partners worldwide.

Refer to "Contractual Cash Obligations and Other Commercial Commitments and Contingencies" in the **Capital Resources and Liquidity** section of Management's Discussion and Analysis, included in Item 7 of this combined Form 10-K for additional information regarding our relationship with FUJIFILM Business Innovation Corp.

International Operations

The financial measures, by geographical area for 2021, 2020 and 2019, are included in Note 3 - Segment and Geographic Area Reporting in the Consolidated Financial Statements for additional information. See also the risk factor entitled “Our business, results of operations and financial condition may be negatively impacted by conditions abroad, including local economic and political environments, fluctuating foreign currencies and shifting regulatory schemes” in Part I, Item 1A Risk Factors of this combined report on Form 10-K.

Seasonality

Our revenues may be affected by such factors as the introduction of new products, the length of sales cycles and the seasonality of technology purchases and printing volume. These factors have historically resulted in lower revenues, operating profits and operating cash flows in the first and third quarters. However, the COVID-19 pandemic and related business closures, as well as supply chain disruptions that limited our ability to install orders, impacted demand behaviors and installation timing during 2021, and is expected to have an impact on the seasonal fluctuations in revenue during 2022. For discussion regarding the impact of the COVID-19 pandemic and supply chain disruptions on our business and financial results, see Management's Discussion and Analysis, included in Item 7 of this combined Form 10-K, as well as in Part I, Item 1A Risk Factors of this combined report on Form 10-K.

Backlog

In prior years, backlog has not been a meaningful indicator of future business prospects because a significant proportion of our revenue was fulfilled from existing inventories or within a short period of order signing. Accordingly, our level of backlog remained fairly consistent period to period. However, in 2021 we experienced an unprecedented level of supply chain disruption, in part due the ongoing effects of the COVID-19 pandemic. These supply chain disruptions resulted in an increase to our backlog[1] of equipment and IT hardware to nearly $350 million, which is approximately 2.5 times higher than at the end of 2020. In 2022, we expect to continue to have an elevated backlog at least through the first half of the year.

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(1) Order backlog is measured as the value of unfulfilled sales orders, shipped and non-shipped, received from our customers 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.

Other Information

Xerox Holdings Corporation

Xerox Holdings is a New York corporation, organized in 2019 and our principal executive offices are located at 201 Merritt 7, P.O. Box 4505, Norwalk, Connecticut 06851-1056. Our telephone number is 203-849-5216.

Xerox Corporation

Xerox is a New York corporation, organized in 1906 and our principal executive offices are located at 201 Merritt 7, P.O. Box 4505, Norwalk, Connecticut 06851-1056. Our telephone number is 203-849-5216.

Within the Investor Relations section of Xerox Holdings' website, you will find our combined Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to these reports. We make these documents available timely after we have filed them with, or furnished them to, the U.S. Securities and Exchange Commission (the SEC). The SEC's Internet address is www.sec.gov.

Our Internet address is **www.xerox.com**. The content of our website is not incorporated by reference in this combined Form 10-K unless expressly noted.

Item 1A. Risk Factors

You should carefully consider the following risk factors as well as the other information included, and risks described, in other sections of this combined Form 10-K, including under the headings "Cautionary Statement Regarding Forward-Looking Statements", "Legal Proceedings", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our Consolidated Financial Statements and the related notes thereto.

Any of the following risks could materially and adversely affect our business, financial condition, or results of operations. The selected risks described below, however, are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition, or results of operations.

Summary of Risk Factors

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 pandemics, such as the COVID-19 pandemic, on our and our customers' businesses and the duration and extent to which a pandemic may 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 successfully develop new products, technologies and service offerings and to protect our intellectual property rights;
- Reliance on third parties, including subcontractors, for manufacturing of products and provision of services and the shared services arrangements entered into by us as part of Project Own It;
- Our ability to attract and retain key personnel;
- 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 or that cyberattacks could result in a shutdown of our systems;
- 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 and transformation actions;
- Our ability to manage changes in the printing environment like the decline in the volume of printed pages and extension of equipment placements;
- Changes in economic and political conditions, trade protection measures, licensing requirements and tax laws in the United States and in the foreign countries in which we do business;
- The risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law;
- Interest rates, cost of borrowing and access to credit markets;
- The imposition of new or incremental trade protection measures such as tariffs and import or export restrictions;
- Funding requirements associated with our employee pension and retiree health benefit plans;
- Changes in foreign currency exchange rates;
- The risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws;
- The outcome of litigation and regulatory proceedings to which we may be a party; and
- Any impacts resulting from the restructuring of our relationship with FUJIFILM Business Innovation Corp. (formerly Fuji Xerox Co., Ltd.).

Company-Specific Risk Factors

The effects of pandemics, such as the COVID-19 pandemic, may materially affect how we and our customers operate our businesses, and the duration and extent to which a pandemic may impact our future results of operations and overall financial performance is uncertain.

Since March 2020, when the World Health Organization declared COVID-19 a pandemic, the spread of the virus and its variants throughout the U.S. and the world has prompted authorities to implement numerous measures to contain the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, and business limitations and shutdowns. The availability of vaccines introduced in 2021 slowed the spread of the virus in many regions, but because vaccination has not been universal and new variants emerged during 2021, surges have continued to arise, leading to further disruptions and uncertainties throughout the world. The COVID-19 pandemic continues to negatively impact the global economy, disrupt customer spending and global supply chains, and create significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on our business and financial performance, including our ability to execute our near-term and long-term business strategies and initiatives within the expected time frames, will depend on future developments, including the duration and severity of the pandemic and the extent and effectiveness of containment actions, which are uncertain and cannot be predicted.

Our operations are being negatively affected by a range of external factors related to the COVID-19 pandemic that are not within our control. For example, many countries, states, and localities continue to impose restrictions to limit the spread of COVID-19, which in turn limit our ability, as well as that of our channel partners, to sell, install and service our equipment for our customers negatively impacting our operations and financial performance. Even when governmental restrictions have ended or eased, COVID-19 surges have caused many businesses to continue or resume requiring or encouraging their office employees to work from home for extended periods of time, which is negatively impacting both sales and use of Xerox products, supplies and services. The longer this persists, the greater effect it will have on our print business.

If we are unsuccessful at addressing our business challenges, our business and results of operations may be adversely affected and our ability to invest in and grow our business could be limited.

One set of challenges relates to dynamic and accelerating market trends, such as the declines in installations and printed pages, fewer devices per location and an increase in electronic documentation. A second set of challenges relates to changes in the competitive landscape. Our primary competitors are exerting increased competitive pressure in targeted areas and are entering new markets; our emerging competitors are introducing new technologies and business models. These market and competitive trends make it difficult to reverse the decline in revenue experienced over the past several years prior to the challenges brought on by the COVID-19 pandemic. A third set of challenges relates to our continued efforts to reduce costs and increase productivity in light of declining revenues. Given the markets in which we compete and the broad range of geographic regions in which we and our customers and partners operate, the COVID-19 pandemic and related supply chain disruptions have overlaid increased risks on our ongoing efforts to address these cost and productivity challenges. Lastly, political and social conditions in the markets in which our products are sold have been and could continue to be difficult to predict, resulting in adverse effects on our business. The results of elections, referendums or other political conditions (including government shutdowns or hostilities between countries) could adversely affect our business.

In connection with our standing up of several businesses, including CareAR and FITTLE, we face additional risks regarding whether these businesses will achieve expectations regarding customer adoption and financial performance, including projected revenue for fiscal year 2022. If we do not succeed in these efforts, or if these efforts are more costly or time-consuming than expected, our business and results of operations may be adversely affected, which could limit our ability to invest in and grow our business.

If we fail to successfully develop new products, technologies and service offerings and protect our intellectual property rights, we may be unable to retain current customers and gain new customers and our revenues would decline.

The process of developing new products and solutions is inherently complex and uncertain. It requires accurate anticipation of customers' changing needs and emerging technological trends. We must work with our supply partners and commit resources before knowing whether these initiatives will result in products that are commercially successful and generate the revenues required to provide desired returns. In developing these new technologies and products, we rely upon patent, copyright, trademark and trade secret laws in the United States and similar laws in other countries, and agreements with our employees, customers, suppliers and other parties, to establish and maintain our intellectual property rights in technology and products used in our operations. It is possible that our intellectual property rights could be challenged, invalidated or circumvented, allowing others to use our intellectual property to our competitive detriment. Also, the laws of certain countries may not protect our proprietary rights to the same extent as the laws of the United States and we may be unable to protect our proprietary technology adequately against unauthorized third-party copying or use, which could adversely affect our competitive position. In addition, some of our products rely on technologies developed by third parties. We may not be able to obtain or to continue to obtain licenses and technologies from these third parties at all or on reasonable terms, or such third parties may demand cross-licenses to our intellectual property. If we fail to accurately anticipate and meet our customers' needs through the development of new products, technologies and service offerings or if we fail to adequately protect our intellectual property rights, we could lose market share and customers to our competitors and that could materially adversely affect our results of operations and financial condition.

In addition, our strategy requires us to expand into adjacent markets with new products, services and technology such as Digital Packaging and Print, AI Workflow Assistants for Knowledge Workers, 3D Printing / Digital Manufacturing, IT Services and software. Our ability to develop or acquire new products, services and technologies for these adjacent markets requires the investment of significant resources, which may not lead to the development of new technologies, products or services on a timely basis. We must also attract, develop and retain individuals with the requisite technical expertise and understanding of customers' needs to develop new technologies and introduce new products, particularly as we increase investment in these areas of the business. Similar to above, if we fail to accurately anticipate and meet our customers' needs in these adjacent markets through the development of new products, technologies and service offerings or if we fail to adequately protect our intellectual property rights, we could lose market share and customers to our competitors and that could materially adversely affect our results of operations and financial condition.

We need to successfully manage changes in the printing environment and market because our operating results may be negatively impacted by lower equipment placements and usage trends.

The printing market and environment are changing as a result of the COVID-19 pandemic, development of new technologies, shifts in customer preferences in printing and the expansion of new printing markets as well as ancillary markets. The process of developing new high-technology products, software, services and solutions and enhancing existing hardware and software products, services and solutions is complex, costly and uncertain, and any failure by us to accurately anticipate customers' changing needs and emerging technological trends could significantly harm our market share, results of operations and financial condition. Examples include mobile printing, color printing, packaging, print on objects, continuous-feed inkjet printing and the expansion of the market for entry products (A4 printers) and high-end products as well as electronic delivery, and cloud-based computing and software. These changing market trends are also opening up new ancillary markets for our products, services and software.

A significant part of our strategy and ultimate success in this changing market is our ability to develop and market technology that produces products, services and software that meet these changes. We expect that revenue growth can be improved through improving the software features of our multifunction devices, expanding color printing to include metallic, fluorescent, and clear ink and digital packaging, and leveraging a strong base in managed print services with new digital, analytics, and security features. Our software strategy involves software for integrated solutions and delivery of industry-focused services into an existing customer base. We also expect to extend our presence in the SMB market through organic and inorganic investments as well as further expansion into channels and eCommerce and investments in innovation including digital packaging, AI workflow assistants for knowledge workers, 3D printing and digital manufacturing, sensors and services for IoT and clean tech. Our future success in executing on this strategy depends on our ability to make the investments and commit the necessary resources in this highly competitive market. Despite this investment, the process of developing new products or technologies is inherently complex and uncertain and there are a number of risks that we are subject to including the risk that our products or technologies will not successfully satisfy our customers’ needs or gain market acceptance. Additionally, the COVID-19 pandemic has negatively impacted our ability to execute our near-term business strategies and initiatives. The long-term impact will depend on future developments, including the duration and severity of the pandemic and the extent and effectiveness of containment actions, which are uncertain and cannot be predicted. If we are unable to develop and market advanced and competitive technologies, it may negatively impact our future revenue growth and market share as well as our planned expansion into new or alternative markets. Additionally, it may negatively impact expansion of our worldwide equipment placements, as well as sales of services and supplies occurring after the initial equipment placement (post sale revenue) in the key growth markets of digital printing, color and multifunction system. If we are unable to maintain a consistent level of revenue, it could materially adversely affect our results of operations and financial condition.

We face significant competition and our failure to compete successfully could adversely affect our results of operations and financial condition.

We operate in an environment of significant competition, driven by rapid technological developments, changes in industry standards, and demands of customers to become more efficient. Our competitors include large international companies some of which have significant financial resources and compete with us globally to provide document processing products and services in each of the markets we serve. We compete primarily on the basis of technology, performance, price, quality, reliability, brand, distribution and customer service and support. Our future success is largely dependent upon our ability to compete in the markets we currently serve, to promptly and effectively react to changing technologies and customer expectations and to expand into additional market segments. To remain competitive, we must develop services, applications and new products; periodically enhance our existing offerings; remain cost efficient; and attract and retain key personnel and management. Our ability to remain competitive through developing new products and services and attracting and retaining key personnel may be adversely impacted by the global economic uncertainty caused by the COVID-19 pandemic. If we are unable to compete successfully, we could lose market share and important customers to our competitors and such loss could materially adversely affect our results of operations and financial condition.

Our profitability is dependent upon our ability to obtain adequate pricing for our products and services and to improve our cost structure.

Our success depends on our ability to obtain adequate pricing for our products and services that will provide a reasonable return to our shareholders. Depending on competitive market factors, including the negative impacts from the COVID-19 pandemic, future prices we obtain for our products and services may decline from current levels. In addition, pricing actions to offset the effect of currency devaluations may not prove sufficient to offset further devaluations or may not hold in the face of customer resistance and/or competition. If we are unable to obtain adequate pricing for our products and services, it could materially adversely affect our results of operations and financial condition.

We continually review our operations with a view towards reducing our cost structure, including reducing our employee base, exiting certain businesses, improving process and system efficiencies and outsourcing some internal functions. Personal protective measures, such as quarantines, restricted access to workplaces, product packaging requirements, and similar requirements put in place by countries, states, municipalities and businesses in response to the COVID-19 pandemic may change the way we interact with our customers and increase our costs of doing business. In addition, substantial supply chain disruption caused by the COVID-19 pandemic has increased the cost of materials and components required to manufacture our products, transportation of components and products, and labor associated with all steps of the supply chain. The extent of the impact of the COVID-19 pandemic on our cost structure will depend on future developments, including the duration and severity of the pandemic and the extent and effectiveness of containment actions, which are uncertain and cannot be predicted. If we are unable to continue to maintain our cost base at or below the current level and maintain process and systems changes resulting from prior cost reduction actions, it could materially adversely affect our results of operations and financial condition.

Our ability to sustain and improve profit margins is dependent on a number of factors, including our ability to continue to improve the cost efficiency of our operations through such programs as Project Own It, the level of pricing pressures on our products and services, the additional costs imposed by ongoing supply chain disruptions, the proportion of high-end as opposed to entry-level equipment sales (product mix), the trend in our post-sale revenue growth and our ability to successfully complete information technology initiatives. If any of these factors adversely materialize or if we are unable to achieve and maintain productivity improvements through design efficiency, supplier and manufacturing cost improvements and information technology initiatives, our ability to offset labor cost inflation, potential materials cost increases and competitive price pressures would be impaired, all of which could materially adversely affect our results of operations and financial condition.

We have outsourced a significant portion of our manufacturing operations and increasingly rely on third-party manufacturers, subcontractors and suppliers.

We have outsourced a significant portion of our manufacturing operations to third parties, such as FUJIFILM Business Innovation Corp. (formerly Fuji Xerox Co., Ltd.) In the normal course of business, we regularly reevaluate our relationships with these third parties and have discussions with other third parties in order to maintain competitive tension and seek more optimal terms. There is no guarantee that such discussions will lead to better arrangements, and our existing suppliers could react negatively to any alternative arrangements we seek to negotiate with other third parties. In addition, we could incur significant costs in order to transition from one third-party manufacturing partner to another.

We face the risk that our third-party manufacturing partners may not be able to develop or manufacture products satisfying all of our requirements, quickly respond to changes in customer demand, and obtain supplies and materials necessary for the manufacturing process. In addition, in the normal course of business and exacerbated by supply chain disruptions resulting from the COVID-19 pandemic, our partners may experience labor shortages and/or disruptions, transportation cost increases, materials cost increases, and/or manufacturing cost increases that could lead to higher prices for our products and/or lower reliability of our products. Further, since certain third parties to whom we have outsourced manufacturing are also our competitors in the print market, or may become competitors in the future, we could experience product disruption as a result of competitive pressures that increase the cost of the products supplied. If any of these risks were to be realized, and similar third-party manufacturing relationships could not be established and/or successfully transitioned to, we could experience supply interruptions or increases in costs that might result in our being unable to meet customer demand for our products, damage our relationships with our customers and reduce our market share, all of which could materially adversely affect our results of operations and financial condition.

In addition, in our services business we may partner with other parties, including software and hardware vendors, to provide the complex solutions required by our customers. Therefore, our ability to deliver the solutions and provide the services required by our customers is dependent on both our and our partners' ability to meet our customers' requirements and schedules. If we or our partners fail to deliver services or products as required and on time, our ability to complete the contract may be adversely affected, which may have an adverse impact on our revenue and profits.

We may be unable to attract and retain key personnel while our business model undergoes significant changes.

Xerox is undergoing significant changes in our business model and, accordingly, current and prospective employees may experience uncertainty about their future, and may have other opportunities available to them given the current highly competitive labor market. Our success is dependent, among other things, on our ability to attract, develop and retain highly qualified senior management and other key employees. Competition for key personnel is intense, and our ability to attract and retain key personnel is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. Our ability to do so also depends on how well we maintain a strong corporate culture that is attractive to employees. Hiring and training of new employees may be adversely impacted by global economic uncertainty and changes to office environments caused by COVID-19. The departure of existing key employees or the failure of potential key employees to accept employment with Xerox, despite our recruiting efforts, could have a material adverse impact on our business, financial condition and operating results.

We may not achieve some or all of the expected benefits of our restructuring and transformation plans and our restructuring may adversely affect our business.

We engage in restructuring actions, including Project Own It, as well as other transformation efforts in order to reduce our cost structure, realign it to the changing nature of our business and achieve operating efficiencies. In addition, these actions are expected to simplify our organizational structure, upgrade our IT infrastructure and redesign our business processes. We may not be able to obtain the cost savings and benefits that were initially anticipated in connection with our restructuring actions. Additionally, as a result of our restructuring initiatives, we may experience a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods. Transformation and restructuring may require a significant amount of time and focus from both management and other employees, which may divert attention from operating and growing our business. The wide-ranging nature and number of actions underway at any point in time may become difficult for the organization to satisfactorily manage and implement, as these actions may have impacts across the organization, processes and systems that are not apparent by individual project but may have unintended consequences in the aggregate. Furthermore, the expected savings associated with these initiatives may be offset to some extent by business disruption during the implementation phase as well as investments in new processes and systems until such time as the initiatives are fully implemented and stabilized. If we fail to achieve some or all of the expected benefits of restructuring, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

As part of our efforts to streamline operations and reduce costs, we have offshored and outsourced certain of our operations, services and other functions through captive arrangements as well as arrangements with third-parties (e.g., TCS and HCL) and we will continue to evaluate additional offshoring or outsourcing possibilities in the future. If our outsourcing partners or operations fail to perform their obligations in a timely manner or at satisfactory quality levels or if we are unable to attract or retain sufficient personnel with the necessary skill sets to meet our offshoring or outsourcing needs, the quality of our services, products and operations, as well as our reputation, could suffer. Our success depends, in part, on our ability to manage these potential transitions and issues, which in certain circumstances could be largely outside of our control. In addition, much of our offshoring takes place in developing countries and as a result may also be subject to geopolitical uncertainty. Diminished service quality from offshoring and outsourcing could have an adverse material impact to our operating results due to service interruptions and negative customer reactions.

Our government contracts are subject to termination rights, audits and investigations, which, if exercised, could negatively impact our reputation and reduce our ability to compete for new contracts.

A significant portion of our revenue is derived from contracts with U.S. federal, state and local governments and their agencies, as well as international governments and their agencies. Government entities typically finance projects through appropriated funds. While these projects are often planned and executed as multi-year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding and/or at their convenience. Changes in government or political developments, including budget deficits, shortfalls or uncertainties, government spending reductions (e.g., Congressional sequestration of funds under the Budget Control Act of 2011) or other debt or funding constraints, could result in lower governmental sales and in our projects being reduced in price or scope or terminated altogether, which also could limit our recovery of incurred costs, reimbursable expenses and profits on work completed prior to the termination.

Additionally, government agencies routinely audit government contracts. If the government finds that we inappropriately charged costs to a contract, the costs will be non-reimbursable or, to the extent reimbursed, refunded to the government. If the government discovers improper or illegal activities or contractual non-compliance in the course of audits or investigations, we may be subject to various civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government. Any resulting penalties or sanctions could have a material adverse effect on our business, financial condition, results of operations and cash flows. Further, the negative publicity that arises from findings in such audits or, investigations could have an adverse effect on our reputation and reduce our ability to compete for new contracts and could also have a material adverse effect on our business, financial condition, results of operations and cash flow.

Our ability to fund our customer financing activities at economically competitive levels depends on our ability to borrow and the cost of borrowing in the credit markets.

The long-term viability and profitability of our financing business is dependent, in part, on our ability to borrow and the cost of borrowing in the credit markets. This ability and cost, in turn, is dependent on i) our credit rating, which is currently non-investment grade according to credit rating agency assessments that are subject to periodic reviews and can change following a review, and ii) credit market volatility, which has increased as a result of the COVID-19 pandemic. We primarily fund our financing business through a combination of cash generated from operations, cash on hand, capital market offerings, and sales and securitizations of finance receivables. In addition, our ability to continue to offer customer financing and be successful in the placement of equipment, software and IT services with customers seeking to finance those transactions, is largely dependent on our ability to obtain funding at a reasonable cost. If we are unable to continue to offer financing, it could materially adversely affect our results of operations and financial condition.

Our significant debt could adversely affect our financial health and pose challenges for conducting our business.

Our ability to provide customer financing is a significant competitive advantage. We have and will continue to have a significant amount of debt and other obligations, including that arising from our expanded FITTLE business scope, the majority of which continues to be in support our customer financing activities. Our substantial debt and other obligations could have important consequences. For example, it could (i) increase our vulnerability to general adverse economic and industry conditions; (ii) limit our ability to obtain additional financing for future working capital, capital expenditures, acquisitions and other general corporate requirements; (iii) increase our vulnerability to interest rate fluctuations because a portion of our debt has variable interest rates; (iv) require us to dedicate a substantial portion of our cash flows from operations to service debt and other obligations, thereby reducing the availability of our cash flows from operations for other purposes; (v) limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate; (vi) place us at a competitive disadvantage compared to our competitors that have less debt; and (vii) become due and payable upon a change in control. If new debt is added to our current debt levels, these related risks could increase.

We need to maintain adequate liquidity in order to meet our operating cash flow requirements, repay maturing debt and meet other financial obligations, such as payment of dividends to the extent declared by our Board of Directors. If we fail to comply with the covenants contained in our various borrowing agreements, it may adversely affect our liquidity, results of operations and financial condition.

Our liquidity is a function of our cash on-hand and our ability to successfully generate cash flows from a combination of efficient operations and continuing operating improvements, access to capital markets and funding from third parties, which includes securitization of our finance receivables. We believe our liquidity (including operating and other cash flows that we expect to generate) will be sufficient to meet operating requirements as they occur; however, our ability to maintain sufficient liquidity going forward is subject to the general liquidity of and on-going changes in the credit markets as well as general economic, financial, competitive, legislative, regulatory and other market factors that are beyond our control.

Our $1.8 billion credit facility (the Credit Facility) contains financial maintenance covenants, including maximum leverage (debt for borrowed money divided by consolidated EBITDA, as defined) and a minimum interest coverage ratio (consolidated EBITDA divided by consolidated interest expense, as defined). At December 31, 2021, we were in full compliance with the covenants and other provisions of the Credit Facility. Failure to comply with material provisions or covenants in the Credit Facility could have a material adverse effect on our liquidity, results of operations and financial condition. The Credit Facility, which terminates in August 2022, contains various investment grade covenants at a time when the Company is not investment grade rated. The Company may seek to renegotiate or replace such facility, including reducing the size of such facility, or may determine not to replace such facility at all and may instead pursue other forms of liquidity. Any new credit agreement may result in higher borrowing costs and may contain non-investment grade covenants, such as those that would place greater restrictions on how the Company can run its businesses and/or limit the Company from taking certain actions that might otherwise be beneficial to the Company and/or its shareholders, customers, suppliers, partners and/or lenders.

Our financial condition and results of operations could be adversely affected by employee benefit-related funding requirements.

We sponsor several defined benefit pension and retiree-health benefit plans throughout the world. We are required to make contributions to these plans to comply with minimum funding requirements imposed by laws governing these employee benefit plans. Although most of our major defined benefit plans have been amended to freeze current benefits and eliminate benefit accruals for future service, several plans remain unfunded (by design) or are under-funded. The projected benefit obligations for these benefit plans at December 31, 2021 exceeded the value of the assets of those plans by approximately $1.3 billion. The current underfunded status of these plans is a significant factor in determining the ongoing future contributions we will be required to make to these plans. Accordingly, we expect to have additional funding requirements in future years, and we may make additional, voluntary contributions to the plans. Depending on our cash position at the time, any such funding or contributions to our defined benefit plans could impact our operating flexibility and financial position, including adversely affecting our cash flow for the quarter in which such funding or contributions are made. Weak economic conditions, including the negative impacts from the COVID-19 pandemic, and related under-performance of asset markets could also lead to increases in our funding requirements.

Our business, results of operations and financial condition may be negatively impacted by conditions abroad, including local economic and political environments, fluctuating foreign currencies and shifting regulatory schemes.

A significant portion of our revenue is generated from operations outside of the United States, and we manufacture or acquire many of our products and/or their components, outside the United States. The COVID-19 pandemic has negatively impacted the global economy, disrupted customer spending and global supply chains, and created significant volatility in foreign currency exchange rates. Our future revenues, costs and results of operations could be significantly affected by changes in foreign currency exchange rates - particularly the Japanese yen, the euro and the British pound - as well as by a number of other factors, including changes in local economic and political conditions, trade protection measures, licensing requirements, local tax regulations and other related legal matters. We use currency derivative contracts to hedge foreign currency-denominated assets, liabilities and anticipated transactions. This practice is intended to mitigate or reduce volatility in the results of our foreign operations, but does not completely eliminate it. We do not hedge the translation effect of international revenues and expenses that are denominated in currencies other than the U.S. dollar. If our future revenues, costs and results of operations are significantly affected by economic or political conditions abroad and we are unable to effectively hedge these risks, they could materially adversely affect our results of operations and financial condition.

Tariffs or other restrictions on foreign imports could negatively impact our financial performance.

Our business, results of operations and financial condition may be negatively impacted by a potential increase in the cost of our products as a result of new or incremental trade protection measures, such as increased import tariffs; import or export restrictions, including restrictions put in place as a result of the COVID-19 pandemic; and requirements under, or the revocation or material modification of, trade agreements. Changes in U.S. and international trade policy and resultant retaliatory countermeasures, including imposition of increased tariffs, quotas or duties by affected countries and trading partners are difficult to predict and may adversely affect our business. The U.S. government has and could in the future impose trade barriers including tariffs, quotas, duties or other restrictions on foreign imports. The implementation of a border tax, tariff or higher customs duties on our products manufactured abroad or components that we import into the U.S., or any potential corresponding actions by other countries in which we do business, could negatively impact our financial performance.

We operate globally and changes in tax laws could adversely affect our results.

We operate in the U.S. and globally and changes in tax laws could adversely affect our results. We monitor U.S. and non-U.S. tax law changes that may adversely impact our overall tax costs. From time to time, proposals have been made and/or legislation has been introduced to change tax rates, as well as related tax laws, regulations or interpretations thereof, by various jurisdictions, or to limit tax treaty benefits which, if enacted or implemented could materially increase our tax costs and/or our effective tax rate and could have a material adverse impact on our financial condition and results of operations. The international tax environment continues to change as a result of both coordinated actions by governments and unilateral measures designed by individual countries, both intended to tackle concerns over base erosion and profit shifting and perceived international tax avoidance techniques. The Organization for Economic Cooperation and Development (OECD) is issuing guidelines that are different, in some respects, than long-standing international tax principles. As countries unilaterally amend their tax laws to adopt certain parts of the OECD guidelines, this may increase tax uncertainty and may adversely impact our income taxes. Taxation at the country, state, provincial or municipal level also may be subject to review and potential override by regional, federal, national or other government authorities. In addition, we are subject to the continuous examination of our income tax returns by the United States Internal Revenue Service and other tax authorities around the world. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these examinations will not have an adverse effect on our provision for income taxes and cash tax liability.

General Risk Factors

We are subject to breaches of our security systems, cyber-attacks and service interruptions, which could expose us to liability, litigation, regulatory action and damage our reputation.

We have implemented security systems with the intent of maintaining and protecting our own, and our customers', clients' and suppliers' confidential information, including information related to identifiable individuals, against unauthorized access or disclosure. Despite such efforts, we may be subject to breaches of our security systems resulting in unauthorized access to our facilities or information systems and the information we are trying to protect. Moreover, the risk of such attacks includes attempted breaches not only of our systems, but also those of our customers, clients and suppliers. The techniques used to obtain unauthorized access are constantly changing, are becoming increasingly more sophisticated and often are not recognized until after an exploitation of information has occurred. Therefore, we may be unable to anticipate these techniques or implement sufficient preventative measures.

Threat actors regularly attempt and, from time to time, have been successful in breaching our security systems, to gain access to our information and infrastructure through various techniques, including phishing, ransomware and other targeted attacks. The Company has retained and, in the future, may retain third-party experts to assist with the containment of and response to security incidents and, in coordination with law enforcement, with the investigation of such incidents. The Company has incurred, and expects to continue to incur, costs, including to retain such third-party experts, in connection with such incidents. We may also find it necessary to make significant further investments to protect this information and our infrastructure. These investments, and costs we incur in connection with security incidents, could be material.

While we do not believe cybersecurity incidents have resulted in any material impact on our business, operations or financial results or on our ability to service our customers or run our business, past and future incidents resulting in unauthorized access to our facilities or information systems, or those of our suppliers, or accidental loss or disclosure of proprietary or confidential information about us, our clients or our customers could result in, among other things, a total shutdown of our systems that would disrupt our ability to conduct business or pay vendors and employees. In addition, cybersecurity risks and data security incidents could lead to unfavorable publicity, governmental inquiry and oversight, litigation by affected parties and possible financial obligations for damages related to the theft or misuse of such information, any of which could have a material adverse effect on our profitability and cash flow.

While social distancing measures restricting the ability of our employees to work at our offices are in place to combat the COVID-19 pandemic, it may exacerbate certain risks to our business, including an increased demand for information technology resources, increased risk of phishing and other cybersecurity attacks, and increased risk of unauthorized dissemination of sensitive personal information or proprietary or confidential information about us or our customers or other third-parties and we may be more susceptible to security breaches and other security incidents because we have less capability to implement, monitor and enforce our information security and data protection policies.

We are subject to laws of the United States and foreign jurisdictions relating to individually identifiable information, and failure to comply with those laws could subject us to legal actions and negatively impact our operations.

We receive, process, transmit and store information relating to identifiable individuals, both in our role as a technology provider and as an employer. As a result, we are subject to numerous United States (both federal and state) and foreign jurisdiction laws and regulations designed to protect individually identifiable information. These laws have been subject to frequent changes, and new legislation in this area may be enacted at any time. For example, the General Data Protection Regulation that came into force in the European Union in May 2018. Changes to existing laws, introduction of new laws in this area, or failure to comply with existing laws that are applicable to us may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on our ability to obtain and process information and allegations by our customers and clients that we have not performed our contractual obligations, any of which may have a material adverse effect on our profitability and cash flow.

Our business, results of operations and financial condition may be negatively impacted by legal and regulatory matters.

We have various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; tax law; governmental entity contracting, servicing and procurement laws; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations, as discussed in Note 21 - Contingencies and Litigation in the Consolidated Financial Statements. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual or materially increase an existing accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts above any existing accruals, it 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.

Due to the international scope of our operations, we are subject to a complex system of commercial and trade regulations around the world. Recent years have seen an increase in the development and enforcement of laws regarding trade compliance and anti-corruption, such as the U.S. Foreign Corrupt Practices Act and similar laws from other countries. Our numerous foreign subsidiaries, affiliates and joint venture partners are governed by laws, rules and business practices that differ from those of the U.S. The activities of these entities may not comply with U.S. laws or business practices or our Code of Business Conduct. Violations of these laws may result in severe criminal or civil sanctions, could disrupt our business, and result in an adverse effect on our reputation, business and results of operations or financial condition. We cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject or the manner in which existing laws might be administered or interpreted.

Concern over climate change, including global warming, has led to legislative and regulatory initiatives directed at limiting greenhouse gas emissions. For example, proposals that would impose mandatory requirements on greenhouse gas emissions continue to be considered by policy makers in the countries, states and territories in which we operate. Laws and/or regulatory actions to address concerns about climate change and greenhouse gas emissions could impact our business, including the availability of our products or the cost to obtain or sell those products. Xerox also recognizes transitional risks associated with changes in voluntary standards and customer preferences in connection with concerns about climate change. If Xerox is unable to offer products that are as energy efficient as our competitors, there is a risk of reduced demand for our products and reduced market share. Inability, or a perception of inability, to achieve progress toward our environmental goals could adversely impact our business or damage our reputation. And, like all organizations, we and our partners and suppliers also may be subject to physical risks associated with climate change, such as increased severity and frequency of extreme weather events and more frequent short-term business disruptions as a result of severe weather such as flooding and winter snow storms, which could impair our ability to effectively deliver products and services to our customers or to keep our operating costs aligned with expectations. If any of these risks were realized, we could experience interruptions in supply or increases in costs that might result in our being unable to meet customer demand for our products and services, damage our relationships with our customers and reduce our market share, all of which could adversely affect our results of operations and financial condition.

Our operations and our products are subject to environmental regulations in each of the jurisdictions in which we conduct our business and sell our products. Various countries and jurisdictions have adopted, or are expected to adopt, restrictions on the types and amounts of chemicals that may be present in electronic equipment or other items that we use or sell. Ongoing research and review of chemicals used in our products could lead to further restriction of common chemicals in office equipment and supplies. In the European Union “REACH” Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals), a broad initiative that requires parties throughout the supply chain to register, assess and disclose information regarding many chemicals in their products. Depending on the types, applications, forms and uses of chemical substances in various products, REACH and similar regulatory programs in other jurisdictions could lead to restrictions and/or bans on certain chemical usage. In the United States, the Toxics Substances Control Act (TSCA) was revised in 2016. Xerox continues its efforts toward monitoring and evaluating the applicability of these and numerous other regulatory initiatives in an effort to develop compliance strategies. As these and similar initiatives and programs become regulatory requirements throughout the world and/or are adopted as public or private procurement requirements, we must comply. Failure to comply could result in the company being subject to liability potentially and face market access limitations that could have a material adverse effect on our operations and financial condition.

Other potentially relevant initiatives throughout the world include proposals for more extensive chemical registration requirements and/or possible bans on the use of certain chemicals, various efforts to limit energy use in products and other environmentally-related programs impacting products and operations, such as those associated with climate change accords, agreements and regulations. For example, the European Union's Energy-Related Products Directive (ERP) and has led to the adoption of “implementing measures” or "voluntary agreements" that require certain classes of products to achieve certain design and/or performance standards, in connection with energy use and potentially other environmental parameters and impacts. A number of our products are already required to comply with ERP requirements and further regulations are being developed by the EU authorities. The EU Circular Economy Action Plan CEAP) introduced legislative and non-legislative measures focusing on how products are designed, promoting circular economy processes, encouraging sustainable consumption, and ensuring waste is prevented. The implementation of the CEAP is expected to impact the materials used, including chemicals and plastics, in products that are placed in the EU market. Environmentally driven procurement requirements also voluntarily adopted by customers in the marketplace (e.g., U.S. EPA EnergyStar, EPEAT, and EU Green Public Procurement) are constantly evolving and becoming more stringent, presenting further market access challenges if our products fail to comply.

Various countries and jurisdictions have adopted or are expected to adopt requirements clarifying manufacturer roles and responsibilities related to the recovery products that were placed on the market and remediation of by-products of the manufacturing process. For example, jurisdictions have adopted or are expected to adopt, programs that make producers of electrical goods, including computers and printers, responsible for certain labeling, collection, recycling, treatment and disposal of these recovered products. If we are unable to collect, recycle, treat and dispose of our products in a cost-effective manner and in accordance with applicable requirements, it could materially adversely affect our results of operations and financial condition. Further, Xerox is party to, or otherwise involved in, proceedings in a limited number of locations brought by U.S. or state environmental agencies under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), known as "Superfund," or state laws.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

We own several manufacturing, engineering and research facilities and lease other facilities. Our principal manufacturing and engineering facilities are located in New York, California, Oklahoma, Oregon, Canada, the U.K., Ireland, and a leased site in the Netherlands. Our principal research facilities are located in California, New York, and Canada. Our Corporate Headquarters is a leased facility located in Norwalk, Connecticut.

In 2021, we owned or leased numerous facilities globally, which house general offices, sales offices, service locations, data centers, call centers, warehouses and distribution centers. The size of our property portfolio at December 31, 2021 was approximately 12.9 million square feet, which was comprised of 349 leased facilities and 17 owned properties with 71 facilities (of which 50 are located on our Webster, New York campus). We occupied approximately 9.5 million square feet, 2.4 million square feet were surplus, and approximately 1.0 million square feet are sublet to third parties. It is our opinion that our properties have been well maintained, are in sound operating condition and contain all the necessary equipment and facilities to perform their functions. We believe that our current facilities are suitable and adequate for our current businesses.

Refer to Note 11 - Lessee, in the Consolidated Financial Statements, for additional information regarding our leased assets.

Item 3. Legal Proceedings

Refer to the information set forth under Note 21 - Contingencies and Litigation in the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Corporate Information

Stock Exchange Information

Xerox Holdings Corporation's common stock (XRX) is listed on the Nasdaq Global Select Market.

There is no established public trading market for Xerox Corporation's common stock, as all of the outstanding Xerox common stock is held solely by Xerox Holdings.

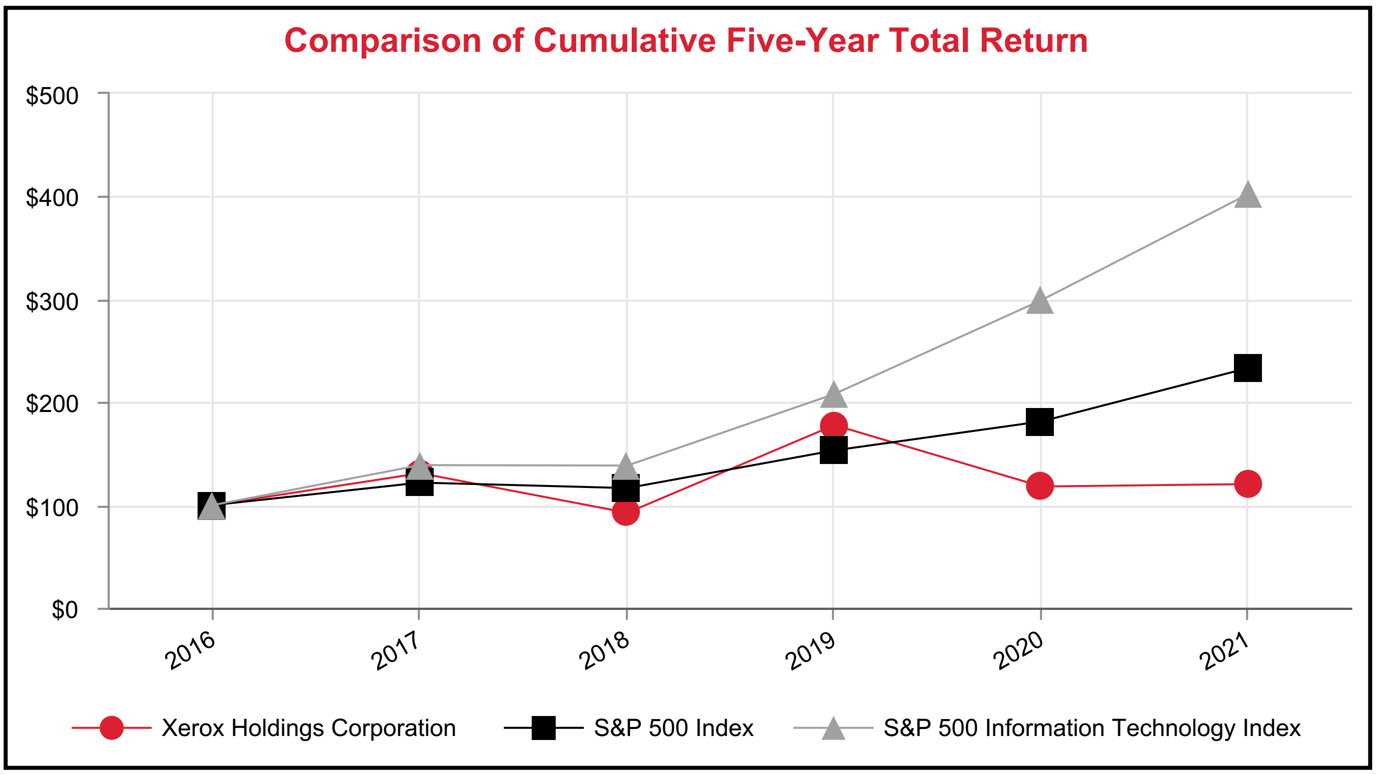
Common Shareholders of Record

As of December 31, 2021, Xerox Holdings Corporation had approximately 21,336 shareholders of record.

Dividends

For additional information regarding dividends, refer to Item 8 - Financial Statements and Supplementary Data, Xerox Holdings Corporation Statement of Shareholders' Equity, which is incorporated herein by reference.

Performance Graph



Total Return to Shareholders

	Year Ended December 31,					
(Includes reinvestment of dividends)	2016	2017	2018	2019	2020	2021
Xerox Holdings Corporation	$ 100.00	$ 130.97	$ 92.48	$ 177.81	$ 118.05	$ 120.39
S&P 500 Index	100.00	121.83	116.49	153.17	181.35	233.41
S&P 500 Information Technology Index	100.00	138.83	138.43	208.05	299.37	402.73

Source: Standard & Poor's Investment Services
Notes: Graph assumes $100 invested on December 31, 2016 in Xerox Holdings, the S&P 500 Index and the S&P 500 Information Technology Index, respectively, and assumes dividends are reinvested.

Sales Of Unregistered Securities During The Quarter Ended December 31, 2021

During the quarter ended December 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).

Annual Director Fees

(a) Securities issued on November 11, 2021: Xerox Holdings Corporation issued 8,683 deferred stock units (DSUs), representing the right to receive shares of Common Stock, par value $1 per share, at a future date.
(b) No underwriters participated. The DSUs were issued to Jesse A. Lynn, a non-employee Director of Xerox Holdings Corporation. Mr. Lynn joined the Board of Directors in November 2021.
(c) The DSUs were issued at a deemed purchase price of $19.82 per DSU (aggregate price $172,097), based upon the market value of our Common Stock on the date of issuance, in payment of the Annual Director's fees pursuant to Xerox Holdings Corporation's 2004 Equity Compensation Plan for Non-Employee Directors (as amended and restated in 2021 (the 2021 Restatement)). The number of DSUs awarded was prorated to reflect that Mr. Lynn joined the Board of Directors in November 2021.
(d) Exemption from registration under the Act was claimed based upon Section 4(2) as a sale by an issuer not involving a public offering.

Dividend Equivalents

(a) Securities issued on November 1, 2021: Xerox Holdings Corporation issued 3,139 deferred stock units (DSUs), representing the right to receive shares of Common Stock, par value $1 per share, at a future date.
(b) No underwriters participated. The DSUs were issued to each of the non-employee Directors of Xerox Holdings Corporation, two former non-employee Directors of Xerox Corporation and one former non-employee Director of Xerox Holdings Corporation: Jonathan Christodoro, Keith Cozza, Joseph J. Echevarria, Nicholas Graziano, Aris Kekedjian, Cheryl Gordon Krongard, Scott Letier, Nichelle Maynard-Elliott, Steven D. Miller and Margarita Paláu-Hernández.
(c) The DSUs were issued at a deemed purchase price of $20.35 per DSU (aggregate price $63,879), based upon the market value of our Common Stock on the date of record, in payment of the dividend equivalents due to DSU holders pursuant to Xerox Holdings Corporation's 2004 Equity Compensation Plan for Non-Employee Directors (as amended and restated in 2021 (the 2021 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.

Issuer Purchases of Equity Securities During the Quarter Ended December 31, 2021

In October 2021, the Xerox Holdings Corporation's Board of Directors authorized a $500 million share repurchase program (exclusive of any commissions and other transaction fees and costs related thereto). This program replaced the approximate $450 thousand of authority remaining under Xerox Holdings Corporation's previously authorized $1.1 billion share repurchase program.

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)(3)
October 1 through 31	—	$ —	—	$ 500,000,000
November 1 through 30	10,725,717	19.59	10,725,717	289,936,457
December 1 through 31	8,675,191	20.43	8,675,191	112,688,535
Total	19,400,908		19,400,908	

(1) Exclusive of fees and expenses.
(2) Of the $500 million of share repurchase authority previously granted by the Xerox Holdings Corporation's Board of Directors, exclusive of fees and expenses, approximately $387 million has been used through December 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.
(3) Balances do not include the remaining authority of approximately $450 thousand under Xerox Holdings Corporation's previously authorized share repurchase program, which was cancelled by Xerox Holdings Corporation's Board of Directors in October 2021.

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
October 1 through 31	13,635	$ 21.00	n/a	n/a
November 1 through 30	—	—	n/a	n/a
December 1 through 31	195,562	23.31	n/a	n/a
Total	209,197			

(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 6. [Reserved]

Information pertaining to Item 6 is not presented in accordance with amendments to Item 301 of Regulation S-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Throughout the Management's Discussion and Analysis (MD&A) that follows, 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," or 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. Throughout this combined Form 10-K, references are made to various notes in the Consolidated Financial Statements which appear in Part II, Item 8 of this combined Form 10-K, and the information contained in such notes is incorporated by reference into the MD&A in the places where such references are made.

Xerox Holdings' other direct subsidiary is Xerox Ventures LLC, which was established in 2021 solely to invest in startups and early/mid-stage growth companies aligned with the Company's innovation focus areas and targeted adjacencies. Xerox Ventures LLC had investments of approximately $8 million at December 31, 2021. Due to its immaterial nature, and for ease of discussion, Xerox Ventures LLC's results are included within the following discussion.

Executive Overview

Our expectation entering 2021 was that in-office work would normalize following 2020's wave of COVID-19 infections and the global rollout of effective vaccines. However, the emergence of various variants of COVID-19 in 2021 resulted in many of our customers delaying their plans to return employees to the workplace and allowing employees to continue to work remotely or in a hybrid environment. This impact resulted in a reduction in expected Post sale revenue and profits. In the second half of the year, we also experienced an unprecedented level of supply chain disruption, in part due to the ongoing effects of the COVID-19 pandemic, with conditions deteriorating throughout the final two quarters of the year. These disruptions resulted in revenue falling below expectations for the year, with most of the shortfall comprised of high-margin mid-range devices and Post sale revenue. Supply chain disruptions also drove an increase in our backlog[1] of equipment and IT hardware to nearly $350 million, which is approximately 2.5 times higher than at the end of 2020. We continue to streamline and optimize our operations and exceeded our target Project Own It savings of $375 million in 2021.

As we head into 2022, demand for our equipment remains strong as evidenced by our backlog[1] of approximately $350 million as of year-end, which is primarily comprised of high-margin office equipment. We expect to have an elevated backlog[1] at least through the first half of the year. As the backlog[1] clears, our equipment revenue mix is expected to improve, which should result in improvements in gross margin. We also expect that there will be a broader return of workers to the office in the second half of 2022 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 our printing services.

Although our financial results are expected to improve in 2022, our earnings for fourth quarter and full year 2021 includes an after-tax noncash goodwill impairment charge of $750 million ($781 million pre-tax) or $4.38 and $4.08 per share, respectively. This charge largely reflects the impact that the economic disruption caused by the COVID-19 pandemic has had and is expected to continue to have on the Xerox print business. Some of this impact is expected to be mitigated by growth of our digital services and offerings targeted for hybrid work business models. Additionally, the Company is currently pursuing its strategy to develop and expand certain expected growth businesses, such as financing, software and innovation to offset and, eventually, exceed reduced cash flows from the print business, but this strategy will take time to develop. Refer to the **Application of Critical Accounting Policies** section of the MD&A as well as Note 1 - Basis of Presentation and Summary of Significant Accounting Policies in the Consolidated Financial Statements for additional information regarding the Goodwill impairment.

Refer to Financial Overview for further discussion regarding additional impacts of the COVID-19 pandemic on our business in 2021 and 2020.

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(1) Order backlog is measured as the value of unfulfilled sales orders, shipped and non-shipped, received from our customers 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.

Business Overview

With annual revenues of approximately $7.0 billion, we remain a leading global provider of digital print technology and related services, software and solutions. Our primary offerings span four main areas: Workplace Solutions, Production Solutions, Xerox Services and FITTLE. We disclosed at our Investor Conference on February 23, 2022, that we have rebranded our Xerox Financial Services (XFS) business, which is now known as FITTLE.

- Workplace Solutions includes two strategic product groups, Entry and Mid-Range, much of which share common solutions, apps and ConnectKey® software. Workplace Solutions revenues include the sale of products (captured primarily as equipment sales) as well as the supplies and associated technical services and the financing of those products through FITTLE (captured as post sale revenue).
- Production Solutions are designed for customers in the graphic communications, in-plant and production print environments with high-volume printing requirements.
- Xerox Services includes a continuum of solutions and services that helps our customers optimize their print and communications infrastructure, apply automation and simplification to maximize productivity, and ensure the highest levels of security. Our primary offerings in this area are Managed Print Services (MPS), Capture & Content Services (CCS) and Customer Engagement Services (CES) as well as IT Services. CCS and CES encompass a range of Digital Services that leverage our software capabilities in Workflow Automation, Personalization and Communication Software, Content Management Solutions, and Digitization Services.
- FITTLE (formerly XFS) is a global financing solutions business and currently offers financing for direct channel customer purchases of Xerox equipment through bundled lease agreements and lease financing to end-user customers who purchase Xerox equipment through our indirect channels.

In addition to our four primary offering areas described above, a smaller but growing portion of our revenues comes from non-core streams including paper sales in our developing market countries, wide-format systems, licensing revenue, as well as from IT Services, CareAR, which is comprised of DocuShare® and XMPie, and PARC (Innovation).

Headquartered in Norwalk, Connecticut, with approximately 23,300 employees, Xerox serves customers in approximately 160 countries. We have a broad and diverse base of customers by both geography and industry, ranging from small and medium-sized businesses (SMBs) to printing production companies, governmental entities, educational institutions and Fortune 1000 corporations. Our business does not depend upon a single customer, or a few customers, the loss of which would have a material adverse effect on our business. In 2021, approximately 40% of our revenue was generated outside the United States.

Market and Business Strategy

Our market and business strategy is to maintain overall market share leadership in our core market and increase our participation in the growth areas, while expanding into adjacent markets and leveraging our innovation capabilities to enter new markets. The Company's four strategic initiatives, summarized below, remain at the core of how we operate and deliver results for all stakeholders.

1. 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
2. Drive Revenue
   - Drive increased adoption and utilization of CareAR
   - Scale IT Services and robotic process automation in the SMB market
   - Grow our financing business as a global financing solutions business
   - Expand distribution of digital solutions among existing Print and Services clients
3. Monetize Innovation
   - Leverage $250 million corporate venture fund to bolster investment and innovation
   - Add value-added equity partners to accelerate development and market penetration
   - Embed PARC's technology into new and existing businesses
4. Focus on cash flow and increasing capital returns
   - Maximize annual free cash flow[1] generation
   - Deploy excess capital for strategic M&A
   - Opportunistic share repurchases

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(1) Free cash flow is defined as Operating cash flow from continuing operations less capital expenditures.

Post-sale Based Business Model

In 2021, 78% of our total revenue was post-sale based, which includes contracted services, equipment maintenance, supplies and financing. These revenue streams generally follow equipment placements and provide some stability to our revenue and cash flows. Key indicators of future post sale revenue include installs and related removals of printers and multifunction devices, the number and type of machines in the field (MIF), page volumes (including the mix of pages printed on our MIF, including color devices) and the type and nature of related software and services provided to customers. Post sale revenue also includes transactional IT hardware sales and implementation services primarily from our XBS organization.

Project Own It

During the second half of 2018, we initiated a transformation project - Project Own It - centered on creating a more effective organization to enhance our focus on our customers and our partners, instill a culture of continuous improvement and improve our financial results through on-going cost reductions and savings. The primary goal of this project is to improve productivity by driving end-to-end transformation of our processes and systems to improve effectiveness and to reduce costs. These efforts are considered critical to making us more competitive and giving us the capacity to invest in growth and maximize shareholder returns. Key opportunities under Project Own It include establishing more effective shared service centers (captive and through our outsource partners), rationalizing our IT infrastructure, reducing our real estate footprint, and improving our supply chain management and the productivity of our supplier base. In 2021, we exceeded our gross savings target of $375 million. Since its inception, total savings from Project Own It are approximately $1.8 billion. We expect to generate approximately $300 million of gross savings in 2022.

This project also involves evaluating the sourcing of all of our products to optimize our options. Our approach is to analyze our potential options both by product category and holistically to determine what sourcing makes the most strategic and economic sense.

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 selected finance functions, from Xerox to HCL. In July 2021, Xerox entered into an arrangement with Tata Consulting Services (TCS), whereby TCS will provide business processing outsourcing services in support of our global finance organization. This will include the transition of the finance processes currently being provided by HCL.

We incurred restructuring and related costs, net of $38 million for the year ended December 31, 2021 primarily related to costs incurred to implement initiatives under our business transformation projects including Project Own It. Refer to **Restructuring and Related Costs, Net** section of the MD&A and Note 14 - Restructuring Programs in the Consolidated Financial Statements for additional information.

New Businesses Strategy

In 2021, we stood up three new businesses: CareAR, Xerox Financial Services (now known as FITTLE) and Innovation (PARC). As a result of this effort, we believe we are positioned to begin reporting separate financial and non-financial information for each business in 2022.

CareAR Holdings (CareAR) is Xerox's newly formed software business and is comprised of: CareAR, Inc., an enterprise augmented reality business Xerox acquired in late 2020; DocuShare®, a cloud-based content management system; and XMPie, a multi-channel marketing software platform. Together, these software assets combine to provide an AR and AI-driven visual support platform that provides real-time access to expertise for service companies, field service employees and end-use customers.

FITTLE has historically offered financing for direct channel customer purchases of Xerox equipment through bundled lease agreements and lease financing to end-user customers who purchase Xerox equipment through Xerox indirect dealer channels. At the outset of 2021, FITTLE changed its strategy to broaden its portfolio of assets financed to include numerous growth opportunities independent of Xerox equipment and services, such as the expansion of its dealer relationships to include an increasing number of non-Xerox dealers, leveraging its existing dealer relationships to finance a wider breadth of products and forming relationships with new vendors. Additionally, in 2021, FITTLE became the primary equipment lease provider for our XBS business.

Innovation (known as PARC Innovation, or PARC) includes the scientists and engineers located at our facilities in Palo Alto, Calif.; Webster, N.Y.; Cary, N.C., and Toronto, Canada. PARC is focused on incubating, productizing and commercializing disruptive technology aligned with innovation focus areas such as 3D Printing, Sensors and Services for the IoT, AI and clean tech.

In 2021 we also made progress toward our goal of monetizing and strategically diversifying our investments in innovation. In May, we announced the formation of Eloque, a joint venture with the government of Victoria, Australia to commercialize IoT sensor-based technology and services for monitoring the structural health of bridges. In September, we announced the formation of CareAR, in conjunction with a $10 million noncontrolling investment from digital workflow leader ServiceNow, Inc. Although minimal in terms of revenue, we also began commercializing our 3D liquid metal printing technology through the sales and placements of ElemX 3D printing devices.

Financial Overview

Impact of COVID-19 on Our Business Operations

The COVID-19 pandemic continued to have a significant effect on the Company's operations in 2021. Although business results improved in the first half of 2021 and the Company was meeting expectations, the emergence of new COVID-19 variants during the year resulted in many of our customers delaying their plans to return employees to workplaces and allowing employees to continue to work remotely or in a hybrid environment. This impact combined with the global supply chain and logistic issues, created in part by the COVID-19 pandemic, had a negative effect on the Company's results particularly in the latter part of the third quarter 2021 and throughout the fourth quarter 2021. We expect the ongoing effects of the COVID-19 pandemic, including the potential emergence of new variants, as well as the global supply chain disruption, to delay economic recovery and continue to impact our revenues and margins, with improvements anticipated in the second half of 2022.

In response to the COVID-19 pandemic, various governments enacted various measures to provide aid and economic stimulus directly to companies through cash grants and credits or indirectly through payments to temporarily furloughed employees. In March 2020, in response to the COVID-19 pandemic, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), and certain provisions from that Act were extended as part of the American Rescue Plan, which was enacted in March 2021. Similar pay protection programs were enacted in Canada and Europe that primarily provide direct grants to companies to cover the salary and wages of employees (retained or temporarily furloughed). In 2021, we recognized savings of approximately $34 million from these various government assistance programs as compared to $107 million recognized in 2020.

Estimated savings were recorded as follows in the Consolidated Statements of (Loss) Income:

(in millions)	Year Ended December 31, 2021	Year Ended December 31, 2020
Cost of sales	$ —	$ 1
Cost of services, maintenance and rentals	20	73
Research, development and engineering expenses	1	1
Selling, administrative and general expenses	13	32
Total Estimated savings	$ 34	$ 107

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.

2021 Operating Results

Total revenue of $7.0 billion in 2021 increased 0.2% from the prior year, including a 1.6-percentage point favorable impact from currency and an approximate 0.5-percentage point favorable impact from 2021 and 2020 acquisitions. Total revenue for 2021 reflected the impacts from the COVID-19 pandemic as well as the global product supply and logistics constraints, which limited our ability to fulfill orders and drove an increase in our order backlog in the second half of the year. Total revenue reflected a 1.1% increase in Equipment sales revenue, including a 1.5-percentage point favorable impact from currency, while Post sale revenue was flat, including a 1.7-percentage point favorable impact from currency. While the COVID-19 pandemic significantly impacted our 2021 revenues as a result of business closures and office building capacity restrictions, the progress of vaccinations and the gradual reopening of workplaces resulted in higher year-over-year page volumes for most of 2021.

Net (loss) income from continuing operations attributable to Xerox Holdings was as follows:

	Year Ended December 31,			B/(W)	
(in millions)	2021	2020	2019	2021	2020
Net (loss) income from continuing operations attributable to Xerox Holdings	$ (455)	$ 192	$ 648	$ (647)	$ (456)
Adjusted[(1)] Net income from continuing operations attributable to Xerox Holdings	293	313	828	(20)	(515)

Net loss from continuing operations attributable to Xerox Holdings for 2021 of $(455) million decreased $647 million as compared to Net income from continuing operations attributable to Xerox Holdings of $192 million in 2020. The decrease primarily reflected the after-tax Goodwill impairment charge of $750 million ($781 million pre-tax), which was partially offset by lower bad debt expense, non-service retirement-related costs, Restructuring and related costs, net, Income tax expense, and Transaction and related costs, net. These benefits were partially offset by reduced temporary government assistance as well as higher supply chain cost, including higher freight and shipping costs, which accordingly reduced gross profit.

Adjusted[1] net income from continuing operations attributable to Xerox Holdings for 2021 decreased $20 million as compared to the prior year primarily reflecting reduced temporary government assistance and higher supply chain cost, including freight and shipping costs, which were only partially offset by lower bad debt expense and Income tax expense. Adjustments in 2021 include an after-tax Goodwill impairment charge of $750 million ($781 million pre-tax), Restructuring and related costs, net and Amortization of intangible assets, as well as non-service retirement-related costs.

Operating cash flow provided by continuing operations of Xerox Holdings was $629 million in 2021 as compared to $548 million in 2020. The increase includes the receipt of an upfront prepaid fixed royalty from FUJIFILM Business Innovation Corp. (formerly Fuji Xerox Co., Ltd.) of $100 million, and primarily reflects higher cash from working capital[2] and lower accrued compensation, partially offset by a lower run-off of finance receivables and higher cash tax payments.

Cash used in investing activities of continuing operations of Xerox Holdings was $85 million in 2021, reflecting capital expenditures of $68 million and acquisitions of $53 million, which were partially offset by proceeds from sales of non-core business assets of $44 million. Cash used in financing activities of Xerox Holdings was $1,310 million in 2021, reflecting payments of $518 million on secured borrowing arrangements, partially offset by proceeds of $311 million on a new secured financing arrangement, as well as payments of $888 million for share repurchases and dividend payments of $206 million.

2022 Outlook

We currently expect 2022 revenue to grow to $7.1 billion in actual currency (and remain flat at $7.0 billion at constant currency[1]). We expect revenue growth in 2022 to be weighted to the second half of 2022 as the supply chain is likely to remain challenged through the first half of the year. Post sale revenue growth is expected to track a return of workers to the office, which we assume will likewise occur in the second half of the year.

Similar to revenue, we expect profitability to be weighted to the second half of 2022. We expect gross margin to be negatively affected by supply chain disruption through at least the first half of the year. We began implementing price increases for equipment supplies and services in 2021, which will partially offset elevated shipping and logistic costs. Furthermore, as supply chain conditions and page volumes improve, we expect gross margin to benefit from a more favorable equipment and revenue mix.

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. We expect 2022 Operating cash flows from continuing operations to be approximately $475 million, with capital expenditures of approximately $75 million. During 2022, we expect to opportunistically make share repurchases utilizing our remaining share repurchase authorization of approximately $113 million.

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

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 and 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.

Approximately 40% of our consolidated revenues are derived from operations outside of the U.S. where the U.S. Dollar is normally not the functional currency. As a result, foreign currency translation had a 1.6-percentage point favorable impact on revenue in 2021 and a 0.2-percentage point favorable impact on revenue in 2020.

Application of Critical Accounting Policies

In preparing our Consolidated Financial Statements and accounting for the underlying transactions and balances, we apply various accounting policies. Senior management has discussed the development and selection of the critical accounting policies, estimates and related disclosures included herein with the Audit Committee of the Xerox Holdings Board of Directors. We consider the policies discussed below as critical to understanding our Consolidated Financial Statements, as their application places the most significant demands on management's judgment, since financial reporting results rely on estimates of the effects of matters that are inherently uncertain. In instances where different estimates could have reasonably been used, we disclosed the impact of these different estimates on our operations. In certain instances, such as revenue recognition for leases, the accounting rules are prescriptive; therefore, it would not have been possible to reasonably use different estimates. Changes in assumptions and estimates are reflected in the period in which they occur. The impact of such changes could be material to our results of operations and financial condition in any quarterly or annual period.

As discussed above (see **Impact of COVID-19 on Our Business Operations**), during 2021 the Company continued to be impacted by the economic disruption caused by the COVID-19 pandemic. This disruption required us to continue our increased review of the majority of our estimates to ensure we appropriately considered the impacts caused by the COVID-19 pandemic. As the extent and duration of the impacts from the COVID-19 pandemic continue, the Company's estimates and assumptions may evolve as conditions change.

Specific risks associated with these critical accounting policies are discussed throughout the MD&A, where such policies affect our reported and expected financial results. For a detailed discussion of the application of these and other accounting policies, refer to Note 1 - Basis of Presentation and Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Revenue Recognition

Application of the various accounting principles in GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates including ASC Topic 606 - *Revenue from Contracts with Customers* and ASC Topic 842 *Leases*. We adopted **ASU 2014-09,** *Revenue from Contracts with Customers (ASC Topic 606)* on January 1, 2018 and **ASU 2016-02,** *Leases (ASC Topic 842)* on January 1, 2019. Refer to Note 1 - Basis of Presentation and Summary of Significant Accounting Policies in the Consolidated Financial Statements for additional information regarding our revenue recognition and lease revenue recognition policies. Complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. Specifically, the revenue related to the following areas involves significant judgments and estimates:

Bundled Lease Arrangements: We sell our equipment direct to end customers under bundled lease arrangements, which typically include the equipment, service, supplies and a financing component for which the customer pays a single negotiated fixed minimum monthly payment for all elements over the contractual lease term. These arrangements also typically include an incremental, variable component for page volumes in excess of the contractual page volume minimums, which are often expressed in terms of price-per-image or page. Lease deliverables include the equipment and financing, while the non-lease deliverables generally consist of the services, which include supplies. Sales made under bundled lease arrangements directly to end customers or through third party leasing companies comprise 42.0% or $664 million of our equipment sales revenue. Revenues under these bundled lease arrangements are allocated considering the relative standalone selling prices of the lease and non-lease deliverables included in the bundled arrangement. The allocation of revenue among the elements – equipment vs. post sale (service, supplies and financing) – has remained fairly consistent at approximately 25% and 75%, respectively, over the past three years.

Sales to Distributors and Resellers: We utilize distributors and resellers to sell many of our products, supplies and parts to end-user customers. Sales to distributors and resellers are generally recognized as revenue when products are shipped to such distributors and resellers. Distributors and resellers participate in various discount, rebate, price-support, cooperative marketing and other programs, and we record provisions and allowances for these programs as a reduction to revenue when the sales occur. Similarly, we also record estimates for sales returns and other discounts and allowances when the sales occur. We consider various factors, including a review of specific transactions and programs, historical experience and market and economic conditions when calculating these provisions and allowances. Total sales of equipment, supplies and parts to distributors and resellers were $1,130 million for the year ended December 31, 2021 and provisions and allowances recorded on these sales were approximately 25% of the associated gross revenues.

Allowance for Doubtful Accounts and Credit Losses

The allowance for doubtful accounts and credit losses is based on an assessment of historical collection experience as well as consideration of current and future economic conditions and changes in our customer-specific collection trends. Our methodology includes an expected loss model that incorporates an assessment of current and future economic conditions.

We recorded bad debt provisions of $7 million, $116 million and $46 million in Selling, administrative and general (SAG) expenses in our Consolidated Statements of (Loss) Income for the three years ended December 31, 2021, 2020 and 2019, respectively. Reserves, as a percentage of trade and finance receivables, were 4.3% at December 31, 2021, as compared to 4.8% and 3.0% at December 31, 2020 and 2019, respectively. We continue to assess our receivables portfolio in light of the current economic environment and its impact on our estimation of the adequacy of the allowance for doubtful accounts.

The significant increase in bad debt provision and reserve percentage in 2020, as compared to 2019, was principally due to the impact of the COVID-19 pandemic on our customers. In assessing the level of provision and related reserve for 2020, we critically assessed current and forecasted economic conditions as a result of the COVID-19 pandemic at the time to ensure we objectively included those expected impacts in the determination of our reserve. That assessment resulted in the recognition of a $60 million incremental bad debt provision in the first quarter 2020. This increased provision was primarily related to finance receivables due to their larger balance and long-term nature. In 2021 we recorded approximately $31 million of bad debt reversals reflecting improvements in the macroeconomic environment as well as lower write-offs as a result of the COVID-19 pandemic.

During the five year period ended December 31, 2021, our reserve for doubtful accounts ranged from 3.0% to 4.8% of gross receivables. Holding all assumptions constant, a 0.5-percentage point increase or decrease in the reserve from the December 31, 2021 rate of 4.3% would change the 2021 provision by approximately $20 million.

Refer to Note 1 - Basis of Presentation and Summary of Significant Accounting Policies, Note 7 - Accounts Receivable, Net and Note 8 - Finance Receivables, Net in the Consolidated Financial Statements for additional information regarding our policy with respect to the Allowance for Doubtful Accounts and Credit Losses.

Pension Plan Assumptions

We sponsor defined benefit pension plans in various forms in several countries covering employees who meet eligibility requirements. Where legally possible, we have amended our major defined benefit pension plans to freeze current benefits and eliminate benefit accruals for future service, including our primary U.S. defined benefit plan for salaried employees, the Canadian Salary Pension Plan and the U.K. Final Salary Pension Plan. In certain Non-U.S. plans, we are required to continue to consider salary increases and inflation in determining the benefit obligation related to prior service. Our pension plan in the Netherlands was changed to a Collective Defined Contribution (CDC) plan. From a Company risk perspective, this plan operates just like a defined contribution plan as the Company is only responsible for a contribution for annual benefit accruals under 5-year agreements. Although the Company risk has been mitigated, under U.S. GAAP this plan doesn’t meet the definition of a defined contribution plan and therefore is accounted for as a defined benefit plan.

Several statistical and other factors that attempt to anticipate future events are used in calculating the expense, liability and asset values related to our defined benefit pension plans. These factors include assumptions we make about the expected return on plan assets, discount rate, lump-sum settlement rates, the rate of future compensation increases and mortality. Differences between these assumptions and actual experiences are reported as net actuarial gains and losses and are subject to amortization to net periodic benefit cost over future periods.

Cumulative net actuarial losses for our defined benefit pension plans of $1.7 billion as of December 31, 2021 decreased by $661 million from December 31, 2020, primarily due to the increase of the discount rates and the resultant decrease in the Projected Benefit Obligation (PBO), excess of actual returns over expected returns, the recognition of actuarial losses through amortization and U.S. settlement losses as well as currency. The total actuarial loss at December 31, 2021 is subject to offsetting gains or losses in the future due to both changes in actuarial assumptions and future experience and will be recognized in future periods through amortization or settlement losses.

We used a consolidated weighted average expected rate of return on plan assets of 3.9% for 2021, 4.1% for 2020 and 4.6% for 2019, on a worldwide basis. During 2021, the actual return on plan assets was a gain of $504 million as compared to an expected return of $325 million, with the difference largely due to positive equity market returns, the positive impact of decreasing interest rates on our fixed income investments and the impact of our hedging portfolio in the U.S. When estimating the 2022 expected rate of return, in addition to assessing recent performance, we considered the historical returns earned on plan assets, the rates of return expected in the future, particularly in light of current economic conditions, and our investment strategy and asset mix with respect to the plans' funds. The weighted average expected rate of return on plan assets we will use in 2022 is 3.9% with no change from 2021.

Another significant assumption affecting our defined benefit pension obligations and the net periodic benefit cost is the rate that we use to discount our future anticipated benefit obligations. In the U.S. and the U.K., which comprise approximately 75% of our PBO, we consider yield curves derived from Moody's Aa or better rated Corporate Bonds and U.K. Corporate bonds rated AA by at least one of the main ratings agencies, respectively, in the determination of the appropriate discount rate assumptions. The consolidated weighted average discount rate we used to measure our pension obligations as of December 31, 2021 and to calculate our 2022 expense was 2.1%; the rate used to calculate our obligations as of December 31, 2020 and our 2021 expense was 1.6%. The increase reflects higher interest rates in both U.S. and non-U.S. regions.

Holding all other assumptions constant, the following table summarizes the estimated impacts of a 0.25% change in the discount rate and a 0.25% change in the expected return on plan assets:

	Discount Rate		Expected Return	
(in millions)	0.25% Increase	0.25% Decrease	0.25% Increase	0.25% Decrease
Increase/(Decrease)				
2022 Projected net periodic pension cost	$ (5)	$ 10	$ (20)	$ 20
Projected benefit obligation as of December 31, 2021	(365)	400	N/A	N/A

One of the most significant and volatile elements of our net periodic defined benefit pension plan expense is settlement losses. Our primary domestic plans allow participants the option of settling their vested benefits through the receipt of a lump-sum payment. We recognize the losses associated with these settlements immediately upon the settlement of the vested benefits. Settlement accounting requires us to recognize a pro-rata portion of the aggregate unamortized net actuarial losses upon settlement. As noted above, cumulative unamortized net actuarial losses were $1.7 billion at December 31, 2021, of which the U.S. primary domestic plans, with a lump-sum feature, represented approximately $590 million. The pro-rata factor is computed as the percentage reduction in the projected benefit obligation due to the settlement of a participant's vested benefit. Settlement accounting is only applied when the event of settlement occurs - i.e. the lump-sum payment is made. Since settlement is dependent on an employee's decision and election, the level of settlements and the associated losses can fluctuate significantly from period to period. During the three years ended December 31, 2021, 2020 and 2019, U.S. plan settlements were approximately $300 million, $220 million and $355 million, respectively, and the associated settlement losses on those plan settlements were $54 million, $53 million and $93 million, respectively. In 2022, on average, we estimate that approximately $100 million of plan settlements will result in settlement losses of approximately $20 million.

The following is a summary of our benefit plan costs for the three years ended December 31, 2021, 2020 and 2019, as well as estimated amounts for 2022:

	Estimated	Actual		
(in millions)	2022	2021	2020	2019
Defined benefit pension plans[(1)]	$ (80)	$ (64)	$ 5	$ 16
U.S. settlement losses	50	54	53	93
Defined contribution plans[(2)]	40	18	19	49
Retiree health benefit plans[(3)]	(5)	(55)	(63)	(65)
Total Benefit Plan Expense	$ 5	$ (47)	$ 14	$ 93

(1) Excludes U.S. settlement losses.

(2) The decrease in 2021 and 2020 reflects the Company's decision to suspend and not make the 2021 or 2020 employer matching contribution to our U.S. based 401(k) savings plans for salaried employees. The employer matching contribution is expected to be resumed and provided for in 2022.

(3) The 2018 U.S. Retiree Health Plan amendment was fully amortized by December 31, 2021. Accordingly, we estimate amortization of prior service credits in 2022 to decrease by approximately $50 million, as compared to 2021.

The following is a summary of our benefit plan funding for the three years ended December 31, 2021, 2020 and 2019, as well as estimated amounts for 2022:

	Estimated	Actual		
(in millions)	2022	2021	2020	2019
U.S. Defined benefit pension plans	$ 25	$ 24	$ 35	$ 26
Non-U.S. Defined benefit pension plans	110	111	104	115
Defined contribution plans[(1)]	20	18	19	49
Retiree health benefit plans	25	25	25	30
Total Benefit Plan Funding	$ 180	$ 178	$ 183	$ 220

(1) The difference between the estimated funding amount and the estimated expense in 2022 of $20 million is due to estimated contributions for our U.S. based 401(k) savings plans for salaried employees expensed in 2022 as earned but which are expected to be contributed in January of 2023.

The 2021 U.S. Defined benefit plans contributions did not include any contributions for our domestic tax-qualified defined benefit plans because none were required to meet the minimum funding requirements. There are no contributions required in 2022 for our U.S. tax-qualified defined benefit plans to meet the minimum funding requirements.

Refer to Note 19 - Employee Benefit Plans in the Consolidated Financial Statements for additional information regarding defined benefit pension plan assumptions, expense and funding.

Income Taxes

We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgments are required in determining the consolidated provision for income taxes. Our provision is based on nonrecurring events as well as recurring factors, including the taxation of foreign income. In addition, our provision will change based on discrete or other nonrecurring events such as audit settlements, tax law changes, changes in valuation allowances, etc., that may not be predictable.

We record the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and the amounts reported in our Consolidated Balance Sheets, as well as operating loss and tax credit carryforwards. Deferred tax assets are assessed for realizability and, where applicable, a valuation allowance is recorded to reduce the total deferred tax asset to an amount that will, more-likely-than-not, be realized in the future. We apply judgment in assessing the realizability of these deferred tax assets and the need for any valuation allowances. In determining the amount of deferred tax assets that are more-likely-than-not to be realized, we considered historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. Refer to Note 20 - Income and Other Taxes in the Consolidated Financial Statements for additional information regarding the valuation allowance against our deferred tax assets.

Our valuation allowance (decreased) increased through income tax expense by approximately $(9) million, $25 million and $16 million for the years ended December 31, 2021, 2020 and 2019, respectively. There were other decreases to our valuation allowance, including the effects of currency, of $(30) million, $(28) million and $(14) million for the years ended December 31, 2021, 2020 and 2019, respectively. These did not affect income tax expense in total as there was a corresponding adjustment to Deferred tax assets or Other comprehensive income.

The following is a summary of gross deferred tax assets and the related valuation allowances for the years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31,		
(in millions)	2021	2020	2019
Gross deferred tax assets	$ 1,062	$ 1,379	$ 1,463
Valuation allowance	(357)	(396)	(399)
Net deferred tax assets	$ 705	$ 983	$ 1,064

We are subject to ongoing tax examinations and assessments in various jurisdictions. Accordingly, we may incur additional tax expense based upon our assessment of the more-likely-than-not outcomes of such matters. In addition, when applicable, we adjust the previously recorded tax expense to reflect examination results. Our ongoing assessments of the more-likely-than-not outcomes of the examinations and related tax positions require judgment and can materially increase or decrease our effective tax rate, as well as impact our operating results.

Unrecognized tax benefits were $107 million, $115 million and $127 million at December 31, 2021, 2020 and 2019, respectively.

Refer to Note 20 - Income and Other Taxes in the Consolidated Financial Statements for additional information regarding deferred income taxes and unrecognized tax benefits.

Business Combinations and Goodwill

We allocate the fair value of purchase consideration to tangible assets, liabilities assumed and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is allocated to Goodwill. The allocation of the purchase consideration requires management to make significant estimates and assumptions, especially with respect to intangible assets. These estimates can include, but are not limited to, future expected cash flows of acquired customers, development of new offerings, acquired technology and trade names from a market participant perspective, as well as estimates of useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable and when appropriate, include assistance from independent third-party valuation firms. During the measurement period, which is up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to Goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings. Refer to Note 5 - Acquisitions and Investments in the Consolidated Financial Statements for additional information regarding the allocation of the purchase price consideration for our acquisitions.

Our Goodwill balance was $3.3 billion at December 31, 2021. We assess Goodwill for impairment at least annually, during the fourth quarter based on balances as of October 1st, and more frequently on an interim basis if we believe indicators of impairment exist. The application of an interim or the annual Goodwill impairment test begins with the identification of reporting units, which requires judgment. Consistent with the determination that we have one operating segment, we determined that there is one reporting unit and therefore we tested Goodwill for impairment at the Company or entity level.

The process of evaluating the potential impairment of Goodwill is highly subjective and requires significant judgment. Our review of impairment starts with an assessment of qualitative factors to determine whether events or circumstances lead to a determination that it is more-likely-than-not that the fair value of the Company is less than the net book value. Our qualitative assessment of the recoverability of Goodwill, whether performed annually or based on specific events or circumstances, considers various macroeconomic, industry-specific and company-specific factors. These factors include: (i) severe adverse industry or economic trends; (ii) significant company-specific actions, including exiting an activity in conjunction with restructuring of operations; (iii) current, historical or projected deterioration of our financial performance; or (iv) a sustained decrease in our market capitalization below our net book value. After assessing the totality of events and circumstances, if we determine that it is not more-likely-than-not that the fair value of the Company is less than its net book value, no further assessment is performed. If we determine that it is more-likely-than-not that the fair value of the Company is less than net book value or if we elect to bypass the qualitative assessment, we proceed to a quantitative assessment or test of Goodwill.

If a quantitative assessment of Goodwill is required, the determination of the fair value of the Company will involve the use of significant estimates and assumptions. Our quantitative Goodwill impairment test uses both the income approach and the market approach to estimate fair value. The income approach is based on the discounted cash flow method that uses the Company's estimates of forecasted future financial performance including revenues, gross margins, operating expenses, and taxes, as well as working capital and capital asset requirements. These estimates are developed as part of our long-term planning process based on assumed market segment growth rates and our assumed market segment share, estimated costs based on historical data and various internal estimates. Projected cash flows are then discounted to a present value employing a discount rate that properly accounts for the estimated market weighted-average cost of capital, as well as any risks unique to the subject cash flows. When performing our market approach, we rely specifically on the guideline public company method. Our guideline public company method incorporates revenues and earnings multiples from publicly traded companies with operations and other characteristics similar to our entity. The selected multiples consider our entity's growth, profitability, size and risk relative to those of the selected publicly traded companies.

The COVID-19 pandemic continued to have a significant effect on the Company's operations impacting revenues, expenses, cash flows and market capitalization in 2021. Although business results improved in the first half of 2021 and the Company was meeting expectations, the emergence of new COVID-19 variants during the year resulted in many of our customers delaying their plans to return employees to workplaces and continuing to work remotely and in a hybrid environment. This impact combined with the global supply chain and logistic issues, created in part by the COVID-19 pandemic, had a negative effect on the Company's results particularly in the third and fourth quarter of 2021. As a result of these impacts and projections of these impacts on our future operating results, as well as a sustained market capitalization below book value, we elected to utilize a quantitative model for the assessment of the recoverability of our Goodwill balance for our annual fourth quarter 2021 impairment test. After completing our annual impairment test, we concluded that the estimated fair value of the Company - our single segment and reporting unit - had declined below its carrying value. As a result, we recognized an after-tax non-cash impairment charge of $750 million ($781 million pre-tax) related to our goodwill for the year ended December 31, 2021.

In estimating the fair value of our single reporting unit, our analysis reflected a 75/25 allocation between the income and market approach and the application of a discount rate applied to our projected cash flows of approximately 7.75%. The heavier weighting to the income approach was consistent with the prior year and reflects the inherent limitations of a market comparison. We likewise believe the discount rate applied was reasonable based on the estimated capital costs of applicable market participants and an appropriate company-specific risk premium that reflects current market and industry conditions. We ran sensitivity cases on the discount rate and, although in certain scenarios our fair value declined further, we believe the implied premiums that would be indicated at our estimated fair value are reasonable.

Our current results and our internal future forecasts clearly indicate that Xerox has been and will continue to be significantly impacted by the economic disruption caused by the COVID-19 pandemic. This includes a recognition that two years into the pandemic, the transition to more remote and hybrid work environments will continue to have an expected impact on the print business as compared to its pre-pandemic levels. Some of this impact is expected to be mitigated by providing additional digital services and offerings targeted for the hybrid business model. Our business forecasts reflect these developments, including an easing of the supply chain and logistics issues encountered in 2021 and although our operating results are expected to improve, projected revenues and cash flows are not expected to return to the levels achieved prior to the commencement of the COVID-19 pandemic. While the Company is currently pursuing a strategy to develop and expand certain expected growth businesses such as financing, software and innovation to offset and eventually exceed the reduced cash flows from the print business, this strategy carries an increased level of implementation risk consistent with all new business pursuits.

In performing its assessment, the Company believes it has made reasonable estimates based on the facts and circumstances that were available as of the reporting date in light of the continuing impacts from the COVID-19 pandemic and other factors noted above. However, the determination of fair value includes assumptions that are subject to risk and uncertainty. The discounted cash flow calculations are dependent on subjective factors including the timing and amount of future cash flows and the discount rate. If assumptions or estimates used in the fair value calculations change, including assumptions related to future cash flows as well as the duration and severity of the COVID-19 pandemic and the supply chain and logistics issues and our ability to initiate management actions to recover from those issues, it may result in a further decline in our estimated fair value and trigger future impairment charges. We will continue to monitor developments in 2022 including updates to our forecasts as well as our market capitalization and an update of our assessment and related estimates may be required in the future.

Subsequent to our fourth quarter impairment test, we did not identify any triggering events that required an update to the annual impairment test.

Refer to Note 13 - Goodwill and Intangible Assets, Net in the Consolidated Financial Statements for additional information regarding Goodwill.

Revenue Results Summary

Total Revenue

Revenue for the three years ended December 31, 2021, 2020 and 2019 was as follows:

	Revenue			% Change		CC % Change		% of Total Revenue		
(in millions)	2021	2020	2019	2021	2020	2021	2020	2021	2020	2019
Equipment sales	$ 1,581	$ 1,564	$ 2,062	1.1 %	(24.2)%	(0.4)%	(24.6)%	22 %	22 %	23 %
Post sale revenue	5,457	5,458	7,004	— %	(22.1)%	(1.7)%	(22.1)%	78 %	78 %	77 %
Total Revenue	$ 7,038	$ 7,022	$ 9,066	0.2 %	(22.5)%	(1.4)%	(22.7)%	100 %	100 %	100 %
Reconciliation to Consolidated Statements of (Loss) Income:										
Sales	$ 2,582	$ 2,449	$ 3,227	5.4 %	(24.1)%	3.9 %	(24.3)%			
Less: Supplies, paper and other sales	(1,001)	(885)	(1,165)	13.1 %	(24.0)%	11.5 %	(23.6)%			
Equipment sales	$ 1,581	$ 1,564	$ 2,062	1.1 %	(24.2)%	(0.4)%	(24.6)%			
Services, maintenance and rentals	$ 4,235	$ 4,347	$ 5,595	(2.6)%	(22.3)%	(4.3)%	(22.5)%			
Add: Supplies, paper and other sales	1,001	885	1,165	13.1 %	(24.0)%	11.5 %	(23.6)%			
Add: Financing	221	226	244	(2.2)%	(7.4)%	(4.1)%	(7.7)%			
Post sale revenue	$ 5,457	$ 5,458	$ 7,004	— %	(22.1)%	(1.7)%	(22.1)%			
Americas	$ 4,432	$ 4,589	$ 5,963	(3.4)%	(23.0)%	(4.1)%	(22.7)%	63 %	65 %	66 %
EMEA	2,434	2,246	2,817	8.4 %	(20.3)%	4.6 %	(21.5)%	35 %	32 %	31 %
Other	172	187	286	(8.0)%	(34.6)%	(8.0)%	(34.6)%	2 %	3 %	3 %
Total Revenue[(1)]	$ 7,038	$ 7,022	$ 9,066	0.2 %	(22.5)%	(1.4)%	(22.7)%	100 %	100 %	100 %

CC - See "Currency Impact" section for description of constant currency.

(1) Refer to the "Geographic Sales Channels and Product and Offerings Definitions" section.

Revenue

Total revenue increased 0.2% for the year ended December 31, 2021 as compared to the prior year, including a 1.6-percentage point favorable impact from currency, and an approximate 0.5-percentage point favorable impact from 2021 and 2020 acquisitions. Revenue reflected global product supply logistics constraints which limited our ability to fulfill orders and drove an increase in our order backlog[1] in the second half of the year. The COVID-19 pandemic also affected our revenues by limiting office occupancy; however, the progress of vaccinations and the gradual reopening of workplaces resulted in higher year-over-year page volumes for most of the year. Total revenue decreased 22.5% for the year ended December 31, 2020 compared to the prior year, including a 0.2-percentage point favorable impact from currency and an approximate 1.2-percentage point favorable impact from 2020 partner dealer acquisitions, partially offset by an approximate 0.6-percentage point unfavorable impact from a one-time upfront OEM license fee of $77 million received in the prior year. The decline in revenue primarily reflected the effects the global pandemic on IT spending and office attendance.

During 2021, our business continued to be impacted by the COVID-19 pandemic. The prolonged impact of the virus, including the Delta and Omicron variants, drove many of our customers to delay their plans to return employees to workplaces. We continued to see a correlation between the roll-out of vaccinations and the return of employees to the workplace, and the gradual recovery of our post sale revenues, but page-volume-driven Post sale revenue was lower than anticipated in the beginning of the year. In addition, global supply chain issues, created in part by the COVID-19 pandemic, resulted in an unprecedented level of disruption, leading to shortages and delays in the receipt of our products and third-party IT hardware. Supply chain disruptions resulted in lower than anticipated equipment and IT hardware sales, higher transportation and logistics costs. Continued strength in demand for our equipment led to a nearly 150% increase in our order backlog[1]. We expect the effects of the COVID-19 pandemic, including the potential emergence of new variants, as well as global supply chain disruptions, to continue to affect our revenues and margins at least through the first half of 2022.

Geographically, revenue increased in our EMEA region and declined in our Americas region during 2021. In EMEA, we have a larger presence across SMB businesses, which generally recovered faster and showed greater resiliency against pandemic resurgences than larger enterprises. Revenue decreased in our North American operations, which were more significantly impacted by shipping and logistics constraints, which were further amplified by labor shortages within the North American transportation industry. North America also has a higher proportion of large enterprise customers, who are generally experiencing a slower pace of return to workplaces.

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

Total revenues included 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 is 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 year ended December 31, 2021, Post sale revenue was flat as compared to the prior year with a 1.7-percentage point favorable impact from currency. For the year ended December 31, 2020, Post sale revenue decreased 22.1% as compared to the prior year with no impact from currency and an approximate 0.8-percentage point unfavorable impact from an upfront OEM license fee in the prior year, excluding the impact of currency.

Post sale revenue is comprised of 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.

- For the year ended December 31, 2021, these revenues decreased 2.6% as compared to the prior year, including a 1.7-percentage point favorable impact from currency, the decline at constant currency[1] reflected the impact of lower royalty revenue and lower third-party financing commissions (resulting from higher XFS lease penetration of our XBS operations), as well as a lower net population of devices, and higher mix of services with lower per-page revenues, partially offset by modestly higher page volumes corresponding with the gradual reopening of workplaces, and higher IT revenues, driven by higher demand for our offerings, partially offset by IT hardware product constraints.
- For the year ended December 31, 2020, these revenues decreased 22.3% as compared to the prior year, including a 0.2-percentage point favorable impact from currency and an approximate 1.1-percentage point unfavorable impact from the one-time OEM license fee in the prior year. The decline at constant currency[1] reflected a lower population of devices (which is partially associated with lower installs in prior and current periods), a competitive price environment and lower page volumes (including a higher mix of lower average-page-volume products) that are worse than pre-COVID-19 decline trends due to the impact of business closures since March 2020. While these revenues are contractual in nature, on average, our bundled services contracts include a minimum fixed charge and a significant variable component based on print volumes.

Supplies, paper and other sales includes unbundled supplies and other sales.

- For the year ended December 31, 2021, these revenues increased 13.1% as compared to the prior year, including a 1.6-percentage point favorable impact from currency. This increase at constant currency[1] primarily reflected higher supplies and paper revenues consistent with the gradual reopening of workplaces, which drove higher demand. We also saw a marginal improvement in inventories carried by channel partners, as confidence in the recovery continued to moderately improve. Paper revenue increased $18 million in 2021 as compared to 2020.
- For the year ended December 31, 2020, these revenues decreased 24.0% as compared to the prior year, including a 0.4-percentage point unfavorable impact from currency. The decline at constant currency[1] primarily reflected lower supplies revenues associated with lower page volume trends, partially offset by higher IT revenues from our XBS channel and from recently acquired IT dealers outside of the U.S. The decrease in supplies was significantly impacted by lower sales through indirect channels, as resellers, in response to the lower demand caused by the pandemic, have reduced their inventory purchases to manage liquidity.

Financing revenue is generated from financed equipment sale transactions. For the year ended December 31, 2021, Financing revenue decreased 2.2% as compared to the prior year, including a 1.9-percentage point favorable impact from currency, while Financing revenue for the year ended December 31, 2020 decreased 7.4% as compared to the prior year, including a 0.3-percentage point favorable impact from currency. The decline at constant currency[1] reflected a lower finance receivables balance due to run-off of our lease portfolio and lower equipment sales in prior periods. The decline in 2021 also reflected the impact of lower equipment sales in the second half of 2021. However, lease originations increased in 2021 as compared to the prior year, primarily as a result of higher XFS (renamed FITTLE in 2022) lease penetration from our XBS sales unit.

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(1) See "Currency Impact" section for description of constant currency.

Equipment sales revenue

Equipment revenue for the three years ended December 31, 2021, 2020 and 2019 was as follows:

	Revenue			% Change		CC % Change		% of Equipment Revenue		
(in millions)	2021	2020	2019	2021	2020	2021	2020	2021	2020	2019
Entry	$ 282	$ 228	$ 217	23.7%	5.1%	22.2%	4.7%	18%	14%	11%
Mid-range	972	986	1,404	(1.4)%	(29.8)%	(2.9)%	(30.3)%	62%	63%	68%
High-end	304	325	421	(6.5)%	(22.8)%	(7.7)%	(23.4)%	19%	21%	20%
Other	23	25	20	(8.0)%	25.0%	(8.0)%	25.0%	1%	2%	1%
Equipment sales	$ 1,581	$ 1,564	$ 2,062	1.1%	(24.2)%	(0.4)%	(24.6)%	100%	100%	100%

CC - See "Currency Impact" section for description of constant currency.

Equipment sales revenue increased 1.1% for the year ended December 31, 2021 as compared to the prior year, including a 1.5-percentage point favorable impact from currency. The decrease at constant currency[1] in Equipment sales revenue in 2021 reflected the significant adverse impact of product supply constraints (consistent with market-wide shortages of computer chips and resins) and global freight disruptions, which were further amplified by labor shortages within the transportation industry. Demand increased during the year as businesses reopened, resulting in a backlog of orders at the end of 2021 that was nearly 150% higher than the prior year and higher than pre-pandemic levels. The supply chain disruption most significantly impacted the availability of our mid-range and high-end devices, causing a negative mix impact on total Equipment sales revenue. Equipment sales revenue increased in EMEA, as the impact of supply chain disruptions was offset by higher demand from our indirect channels serving SMB, and from large government deals (in Europe and certain developing market regions). Equipment sales revenue decreased in our Americas operations as shipping and logistics disruptions were more prevalent in the U.S. than other markets. We expect supply chain disruptions to affect Equipment sales revenue through the first half of 2022.

For the year ended December 31, 2020, Equipment sales revenue decreased 24.2% as compared to the prior year, including a 0.4-percentage point favorable impact from currency as well as the impact of price declines of less than 5%. The COVID-19 pandemic significantly impacted our equipment sales revenue during 2020 as a result of business closures and office building capacity restrictions that impacted our customers' purchasing decisions and caused delayed installations. Additionally, our mix of revenues from lower-end black-and-white devices increased as a result of hybrid workplace trends associated with the COVID-19 pandemic.

The change at constant currency[1] reflected the following:

Entry

- For the year ended December 31, 2021, the increase as compared to the prior year was driven by higher demand for our lower-end printers and MFPs through our indirect channels primarily in EMEA as well as in the Americas, which included markedly higher installs related to government deals in the developing regions of EMEA. We also saw higher demand for entry devices associated with hybrid work environments. While sales increased across this portfolio, we experienced an unfavorable mix from significantly higher sales of our lower-end black-and-white devices.
- For the year ended December 31, 2020, the increase as compared to the prior year was primarily due to higher installs of our black-and-white devices in developing regions in EMEA, including large-order government deals in Eurasia, partially offset by lower sales of devices in our indirect channels in EMEA, Latin America and the U.S. affected in part by the COVID-19 pandemic.

Mid-range

- For the year ended December 31, 2021, the decrease as compared to the prior year was primarily driven by the significant impact of global product supply constraints and freight disruptions that had a more severe effect on our U.S. operations. These negative impacts were partially offset by higher demand consistent with the gradual reopening of workplaces, as compared to business shutdowns that reduced purchases of office devices in the prior year.
- For the year ended December 31, 2020, the decrease as compared to the prior year was primarily driven by the COVID-19 pandemic and related office closures, which significantly impacted our sales through indirect channels in the U.S. and Europe, as resellers, in response to lower demand caused by the pandemic, reduced their inventory purchases to manage liquidity, partially offset by strong demand for our PrimeLink and new generation ConnectKey® devices.

High-end

- For the year ended December 31, 2021, the decrease as compared to the prior year primarily reflected the impact of global product supply constraints and freight disruptions, resulting in lower sales of color systems in the U.S., as well as lower sales of larger color production engines, which continued to be depressed as a result of our customers' delayed capital investment decisions. These negative impacts were partially offset by improvement in sales of devices in the lower-end of the range and to SMB customers, as well as higher sales of black-and-white systems corresponding with our customers' refresh cycles.
- For the year ended December 31, 2020, the decrease as compared to the prior year primarily reflected lower installs of our Versant entry-production systems and iGen production presses, as well as lower installs of our Iridesse production presses in EMEA, which were partially offset by demand for our larger Baltoro cut-sheet inkjet press and higher sales in the U.S. of our continuous-feed color systems.

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(1) See "Currency Impact" section for description of constant currency.

Revenue Metrics

Installs reflect only new placements of devices (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 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 for Xerox and non-Xerox branded products installed by our XBS sales unit. Detail by product group (see ***Geographic Sales Channels and Products and Offerings Definitions)*** is shown below.

Installs for the year ended December 31, 2021 were:

Entry

- 7% increase in color multifunction devices reflecting higher installs of color personal devices at the low-end of the portfolio and higher installs of ConnectKey® devices through our indirect channels in EMEA and North America.
- 36% increase in black-and-white multifunction devices reflecting higher activity primarily from low-end devices through indirect channels primarily from developing regions in EMEA, which included large order government deals, and in the Americas.

Mid-Range(1)

- 8% increase in mid-range color installs primarily in EMEA, reflecting higher installs of our recently launched new-generation of ConnectKey® multi-function printers, as well as our PrimeLink entry-production color devices.
- 7% increase in mid-range black-and-white installs reflecting higher installs of our recently launched new-generation of ConnectKey® multi-function devices, as well as our PrimeLink entry production black-and-white devices.

High-End(1)

- 12% increase in high-end color installs reflecting primarily growth from our lower-end Versant devices as well as our Iridesse and iGen production systems.
- 19% increase in high-end black-and-white systems reflecting higher installs of our Nuvera devices primarily related to cyclical account refreshes in the U.S and EMEA.

Installs for the year ended December 31, 2020 were:

Entry

- 21% decrease in color multifunction devices reflecting lower installs of ConnectKey® devices through our indirect channels in the U.S. and EMEA.
- 20% increase in black-and-white multifunction devices reflecting higher activity primarily from sales in the lower end of the portfolio through indirect channels in our developing regions in EMEA and Latin America associated with work-from-home sales programs, partially offset by lower installs through our indirect channels in the U.S.

Mid-Range(1)

- 26% decrease in mid-range color installs primarily reflecting lower installs of multifunction color devices partially offset by strong demand for our recently launched PrimeLink entry-production color devices and our new generation of ConnectKey® multifunction devices.
- 22% decrease in mid-range black-and-white installs reflecting in part global market trends, partially offset by strong demand for our recently launched PrimeLink light-production multi-function devices and our new generation of ConnectKey® multifunction devices.

High-End[1]

- 42% decrease in high-end color installs primarily reflecting lower installs of our lower-end Versant devices, along with lower installs of our Iridesse and iGen production systems, partially offset by strong demand for our Baltoro cut-sheet inkjet press and higher installs in the U.S. of our continuous-feed systems.
- 13% decrease in high-end black-and-white systems reflecting lower installs of our Nuvera devices along with market trends.

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(1) Mid-range and High-end color installations exclude FUJIFILM Business Innovation Corp. digital front-end sales; including FUJIFILM Business Innovation Corp. digital front-end sales, Mid-range color devices increased 8% and decreased 26% for the years ended December 31, 2021 and 2020, respectively, while High-end color systems increased 12% and decreased 42% for the years ended December 31, 2021 and 2020, respectively.

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 FUJIFILM Business Innovation Corp., 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+.

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.

	For the Year ended December 31, 2020		
(in millions)	As Reported	Change	As Revised
Entry	$ 188	$ 40	$ 228
Mid-range	1,043	(57)	986
High-end	312	13	325
Other	21	4	25
Equipment Sales	$ 1,564	$ —	$ 1,564

Costs, Expenses and Other Income

Summary of Key Financial Ratios

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

	Year Ended December 31,				
(in millions)	2021	2020	2019	2021 B/(W)	2020 B/(W)
Gross Profit	$ 2,403	$ 2,626	$ 3,650	$ (223)	$ (1,024)
RD&E	310	311	373	1	62
SAG	1,718	1,851	2,085	133	234
Equipment Gross Margin	24.2 %	27.4 %	32.6 %	(3.2) pts.	(5.2) pts.
Post sale Gross Margin	37.0 %	40.3 %	42.5 %	(3.3) pts.	(2.2) pts.
Total Gross Margin	34.1 %	37.4 %	40.3 %	(3.3) pts.	(2.9) pts.
RD&E as a % of Revenue	4.4 %	4.4 %	4.1 %	— pts.	(0.3) pts.
SAG as a % of Revenue	24.4 %	26.4 %	23.0 %	2.0 pts.	(3.4) pts.
Pre-tax (Loss) Income[(1)]	$ (475)	$ 252	$ 822	$ (727)	$ (570)
Pre-tax (Loss) Income Margin[(1)]	(6.7)%	3.6 %	9.1 %	(10.3) pts.	(5.5) pts.
Adjusted[(2)] Operating Profit	$ 375	$ 464	$ 1,192	$ (89)	$ (728)
Adjusted[(2)] Operating Margin	5.3 %	6.6 %	13.1 %	(1.3) pts.	(6.5) pts.

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(1) 2021 includes a pre-tax non-cash Goodwill impairment charge of $781 million.
(2) Refer to the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

Pre-tax (Loss) Income Margin

Pre-tax loss margin for the year ended December 31, 2021 of (6.7)% decreased 10.3-percentage points from the pre-tax income margin of 3.6% in 2020. The decrease primarily reflected the non-cash Goodwill impairment charge of $781 million ($750 million after-tax), and the impact of lower adjusted[1] operating margin (see below), of 1.3-percentage points, partially offset by lower Restructuring and related costs, net, Transaction and related costs, net and Other expenses, net.

Pre-tax income margin for the year ended December 31, 2020 of 3.6% decreased 5.5-percentage points compared to 2019. The decrease primarily reflected the impact of lower adjusted[1] operating margin (see below), of 6.5-percentage points, as well as higher Amortization of intangible assets and Transaction and related cost, net, partially offset by lower Restructuring and related costs, net and Other expenses, net.

Pre-tax (loss) income margin includes Restructuring and related costs, net, the Amortization of intangible assets, Transaction and related costs, net and Other expenses, net, all of which are separately discussed in subsequent sections. Adjusted[1] Operating margin, discussed below, excludes these items. 2021 Adjusted[1] Operating margin also excludes the non-cash Goodwill impairment charge of $781 million ($750 million after-tax).

Adjusted[1] Operating Margin

Adjusted[1] operating margin for the year ended December 31, 2021 of 5.3% decreased 1.3-percentage points compared to 2020. The decrease primarily reflects an approximate 1.5-percentage point negative impact of supply chain disruptions, including higher shipping and logistics costs, and an unfavorable mix of equipment revenue due to product constraints, as well as a negative 0.4-percentage points from lower royalty revenue from FUJIFILM Business Innovation Corp. Adjusted[1] operating margin also reflected an approximate 1.1-percentage point negative impact of lower savings from temporary government assistance and furlough measures, and an approximate 0.7-percentage point unfavorable impact from lower third-party lease commissions and incremental costs associated with investments to support future growth. These unfavorable factors were partially offset by an approximate 1.5-percentage point favorable impact from lower bad debt expense due to a higher provision in the prior year, reflecting the expected impact to our trade and finance receivable portfolio from the COVID-19 pandemic. Additionally, cost and expense reductions associated with our Project Own It transformation actions, favorably impacted adjusted[1] operating margin.

Adjusted[1] operating margin for the year ended December 31, 2020 of 6.6% decreased 6.5-percentage points as compared to 2019. The decrease reflects the impact of lower revenues, primarily as a result of the significant effect of the COVID-19 pandemic on our business and a 0.9-percentage point unfavorable impact due to an increase in bad debt expense of $61 million in the first quarter of 2020 to reflect the expected impact to our customer base and related outstanding trade and finance receivable portfolio as a result of the economic disruption caused by the pandemic. These negative impacts were partially offset by lower costs and expenses, which include savings associated with our Project Own It transformation actions as well as additional savings from various cost reductions actions to mitigate the impact of the pandemic. These actions include approximately $107 million from temporary government assistance measures and furlough programs and other reductions in discretionary spending such as near-term targeted marketing programs, the use of contract employees and the temporary suspension of 401(k) matching contributions for the year 2020, as well as lower compensation incentives consistent with lower sales and operating results. The decrease also included an approximate 0.4-percentage point unfavorable impact from transaction currency and was affected by an approximate 0.7-percentage point unfavorable impact from the one-time OEM license fee received in the prior year.

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

Gross Margin

Total gross margin for the year ended December 31, 2021 of 34.1% decreased 3.3-percentage points compared to 2020, reflecting unfavorable impacts of approximately 1.5-percentage points associated with supply chain costs and capacity restrictions (including significantly higher freight and shipping costs and constrained availability of higher margin equipment) and 0.8-percentage points associated with investments to support future growth. The remainder of the decline reflects the impact of lower savings from temporary government assistance and furlough measures, lower royalty revenue from FUJIFILM Business Innovation Corp. and higher mix of services with lower per-page revenues. These headwinds were partially offset by the cost savings from our Project Own It transformation actions.

Total gross margin for the year ended December 31, 2020 of 37.4% decreased 2.9-percentage points compared to 2019, primarily reflecting the impact of lower revenues (including from our higher margin post sale stream) primarily as a result of the significant effect of the COVID-19 pandemic due to business closures, as well as price promotion programs, and an approximate 0.5-percentage point adverse combined impact from transaction currency and higher tariffs. The decrease was also affected by an approximate 0.6-percentage point unfavorable impact from the one-time OEM license fee received in the prior year. These headwinds were partially offset by the cost savings from our Project Own It transformation actions, as well as additional cost reduction actions to mitigate the impact of the pandemic, including savings of approximately $74 million from temporary government assistance measures and furlough programs and other reductions in discretionary spend such as the use of contract employees and the temporary suspension of 401(k) matching contributions.

Equipment gross margin for the year ended December 31, 2021 of 24.2% decreased 3.2-percentage points compared to 2020, primarily reflecting the impact of higher transportation costs and an unfavorable mix of growth in low-end devices associated with product supply constraints, partially offset by higher revenues and favorable transaction currency.

Equipment gross margin for the year ended December 31, 2020 of 27.4% decreased 5.2-percentage points compared to 2019, primarily reflecting the impact of lower revenues (primarily as a result of COVID-19-related business closures) as well as the adverse impact of price promotion programs, incremental tariff costs and the 0.6-percentage point unfavorable impact from transaction currency partially offset by cost reductions from Project Own It.

Post sale gross margin for the year ended December 31, 2021 of 37.0% decreased 3.3-percentage points compared to 2020, reflecting lower savings from temporary government assistance and furlough measures, lower royalty revenues and third-party lease commissions and a higher mix of services with lower per-page revenues, partially offset by restructuring savings associated with Project Own It transformation actions.

Post sale gross margin for the year ended December 31, 2020 of 40.3% decreased 2.2-percentage points compared to 2019, 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 our additional cost reduction actions to mitigate the impact of the pandemic. These actions include approximately $73 million of savings from temporary government assistance measures and furlough programs and other reductions in discretionary spend such as the use of contract employees and the temporary suspension of 401(k) matching contributions. The decrease was also affected by an approximate 0.6-percentage point unfavorable impact from the one-time OEM license fee received in the prior year.

Research, Development and Engineering Expenses (RD&E)

(in millions)	Year Ended December 31, 2021	2020	2019	Change 2021	2020
R&D	$ 251	$ 257	$ 311	$ (6)	$ (54)
Sustaining engineering	59	54	62	5	(8)
Total RD&E Expenses	$ 310	$ 311	$ 373	$ (1)	$ (62)

RD&E as a percentage of revenue for the year ended December 31, 2021 of 4.4% was flat as compared to 2020.

RD&E of $310 million for the year ended December 31, 2021, decreased $1 million from 2020, primarily reflecting savings from restructuring and productivity as well as benefits from the timing of program development cycles, partially offset by investments in our innovation portfolio.

RD&E as a percentage of revenue for the year ended December 31, 2020 of 4.4% was 0.3-percentage points higher compared to 2019, as the impact of revenue declines outpaced the rate of cost reductions.

RD&E of $311 million for the year ended December 31, 2020, decreased $62 million from 2019 reflecting savings from Project Own It that enhanced simplification and rationalization in our core technology spend, and other temporary cost actions, as well as the impact from the timing of investments, partially offset by higher spend in our innovation areas.

Selling, Administrative and General Expenses (SAG)

SAG as a percentage of revenue of 24.4% decreased 2.0-percentage points for the year ended December 31, 2021 compared to 2020 primarily as a result of an approximate 1.5-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 from the COVID-19 pandemic as well as bad debt reversals in the current year. The remaining decrease was primarily due to the impact of lower selling 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 (including reductions in discretionary spend such as near-term targeted marketing programs and employee benefit programs).

SAG expenses of $1,718 million for the year ended December 31, 2021 were $133 million lower than 2020, primarily reflecting 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 (including reductions in discretionary spend such as near-term targeted marketing programs), partially offset by an approximate $30 million adverse impact from translation currency, higher compensation related accruals (corresponding with higher expected operating results) and other investments in the business to support future growth, as well as the impact of lower benefits from temporary government assistance and furlough measures and higher legal expenses and expenses from prior year acquisitions.

Our bad debt expense for the year ended December 31, 2021 of $7 million decreased $109 million as compared to the prior year period, primarily due to the prior year reflecting an approximate $60 million incremental provision to cover estimated write-offs primarily on our finance receivable portfolio from the COVID-19 pandemic, while 2021 reflected finance receivable reserve reductions of approximately $31 million and lower reserves for trade receivables. The 2021 reductions in our finance and trade reserves reflect improvements in the macroeconomic environment as well as lower write-offs. Although actual finance receivable write-offs incurred to date continued to lag expectations, we believe our current reserve position remains sufficient to cover expected future losses that may result from future economic conditions. We continue to monitor developments regarding the pandemic, including business closures and reopenings and mitigating government support actions as well as future economic conditions, 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 0.9% percent of total receivables (excluding the 2021 reductions of $31 million), which is consistent with the pre-pandemic trend and reflects the consistent level of reserves subsequent to the first quarter 2020 charge.

SAG as a percentage of revenue of 26.4% increased 3.4-percentage points for the year ended December 31, 2020 compared to 2019 and included a 0.9-percentage point unfavorable impact due to the increase in bad debt expense of $61 million in the first quarter 2020. The increase also reflected the impact of lower revenues, partially offset by the benefits from cost reductions associated with our Project Own It transformation actions and savings from additional cost reduction actions to mitigate the impact of the pandemic. These actions included approximately $32 million from temporary government assistance measures and furlough programs, and other reductions in discretionary spend such as near-term targeted marketing programs, the use of contract employees and the temporary suspension of the 401(k) matching contributions, as well as lower compensation incentives consistent with lower sales and operating results.

SAG expenses of $1,851 million for the year ended December 31, 2020 were $234 million lower than 2019, reflecting 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 noted above. These savings were partially offset by higher bad debt expense, as well as expenses from recent acquisitions.

Bad debt expense for the year ended December 31, 2020 was $116 million or $70 million higher than the prior year primarily as a result of the increase in the bad debt provision recorded in first quarter 2020, which reflects the estimated impact on our customer base and related outstanding receivables portfolio as a result of the economic disruption caused by the COVID-19 pandemic. The majority of the increased provision was related to finance receivables due to their larger balance and longer-term nature. During the remainder of 2020, write-offs as well as the bad debt reserves for our trade and finance receivables portfolios were in line with our projections and consistent with future expectations regarding our estimated impacts from the COVID-19 pandemic. Bad debt expense of approximately 2.7% percent of total gross receivables on a trailing-twelve-month basis (TTM) was higher than the 2019 trend of less than one percent, reflecting the significant increase in 2020 due to impacts from the COVID-19 pandemic.

Restructuring and Related Costs, Net

We incurred restructuring and related costs, net of $38 million for the year ended December 31, 2021, as compared to $93 million for the year ended December 31, 2020. These costs were primarily related to the implementation of initiatives under our business transformation projects including Project Own It. The decrease in restructuring and related costs in 2020 is partially due to a higher level of asset impairments and severance and related costs in 2019 for employees transferred as part of an outsourcing arrangement. The following is a breakdown of costs:

	Year Ended December 31,		
(in millions)	2021	2020	2019
Restructuring and severance costs(1)	$ 30	$ 107	$ 81
Asset impairments - leased right-of-use assets(2)	3	4	39
Asset impairments - owned assets(2)	12	2	22
Other contractual termination costs(3)	3	3	19
Net reversals(4)	(21)	(29)	(34)
Restructuring and asset impairment costs	27	87	127
Retention related severance/bonuses(5)	6	4	39
Contractual severance costs(6)	1	(2)	43
Consulting and other costs(7)	4	4	20
Total	$ 38	$ 93	$ 229

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(1) *Reflects headcount reductions of approximately 400, 1,850 and 1,000 employees worldwide for the years ended December 31, 2021, 2020 and* 2019, *respectively.*
(2) *Primarily related to the exit and abandonment of leased and owned facilities, net of any potential sublease income and other recoveries.*
(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. Net reversals for 2021 also include a $4 million gain on the sale of surplus land.*
(5) *Includes retention related severance and bonuses for employees expected to continue working beyond their minimum retention period before termination.*
(6) *Primarily reflects severance and other related costs associated with employees transferred (approximately 2,200) as part of a shared service arrangement entered into with HCL Technologies.*
(7) *Represents professional support services associated with our business transformation initiatives.*

2021 actions impacted several functional areas, with approximately 25% focused on gross margin improvements and approximately 70% focused on SAG reductions, and the remainder focused on RD&E optimizations. We expect 2022 pre-tax savings of approximately $15 million from our 2021 restructuring actions.

2020 actions impacted several functional areas, with approximately 55% focused on gross margin improvements and approximately 45% focused on SAG reductions.

The implementation of our Project Own It initiatives as well as other business transformation initiatives is expected to continue to deliver significant cost savings in 2022. While many initiatives are underway and have yet to yield the full transformation benefits expected upon their completion, the changes implemented thus far have improved our cost structure and are beginning to yield longer-term benefits. However, expected savings associated with these initiatives may be offset to some extent by business disruption during the implementation phase as well as investments in new processes and systems until the initiatives are fully implemented and stabilized.

Restructuring Summary

The restructuring reserve balance as of December 31, 2021 for all programs was $44 million, which is expected to be paid over the next twelve months.

Refer to Note 14 - Restructuring Programs in the 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 major and strategic M&A projects. There were no Transaction and related costs, net incurred during 2021 as compared to $18 million incurred in 2020 and $12 million in 2019. Transaction and related costs, net in 2020 primarily related to legal and other professional costs associated with the terminated proposal to acquire HP Inc. in early 2020.

Amortization of Intangible Assets

Amortization of intangible assets for the three years ended December 31, 2021, 2020 and 2019 was $55 million, $56 million and $45 million, respectively. The increased level of amortization in 2021 and 2020 was primarily due to intangible assets associated with our 2021 and 2020 acquisitions. Additionally, the increase in amortization of $11 million in 2020 as compared to 2019 was primarily due to the accelerated write-off of certain XBS tradenames as part of our continued efforts to realign and consolidate this sales unit as part of Project Own It.

Refer to Note 13 - Goodwill and Intangible Assets, Net in the Consolidated Financial Statements for additional information regarding our intangible assets.

Worldwide Employment

Worldwide employment was approximately 23,300 as of December 31, 2021 and decreased by approximately 1,800[1] from December 31, 2020. The reduction resulted from net attrition (attrition net of gross hires), a large portion of which is not expected to be backfilled, as well as the impact of organizational changes.

(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

	Year Ended December 31,		
(in millions)	2021	2020	2019
Non-financing interest expense	$ 96	$ 94	$ 105
Interest income	(4)	(14)	(16)
Non-service retirement-related costs	(89)	(29)	18
Gains on sales of businesses and assets	(40)	(30)	(21)
Currency losses, net	7	3	7
Loss on sales of accounts receivable	2	2	3
Loss on early extinguishment of debt	—	26	—
Litigation matters	2	(1)	(8)
Contract termination costs - IT services	—	3	(12)
Tax indemnification from Conduent	—	(9)	—
All other expenses, net	2	—	8
Other expenses, net	$ (24)	$ 45	$ 84

Non-financing interest expense

Non-financing interest expense for the year ended December 31, 2021 of $96 million was $2 million higher than 2020. When non-financing interest expense is combined with financing interest expense (Cost of financing), total interest expense of $207 million decreased by $8 million from the prior year period primarily reflecting a lower average debt balance.

Non-financing interest expense for the year ended December 31, 2020 of $94 million was $11 million lower than 2019. When non-financing interest expense is combined with financing interest expense (Cost of financing), total interest expense of $215 million decreased by $21 million from the prior year period reflecting a lower average debt balance primarily due to the full-year effect of the 2019 debt repayments that were not refinanced.

NOTE: For the years ended December 31, 2021 and 2020 both Xerox Holdings and Xerox reported total interest expense of $207 million and $215 million, respectively, however, the amount reported by Xerox includes $80 million and $32 million, respectively, of interest paid to Xerox Holdings on an Intercompany Loan. The Intercompany Loan represents a loan of the net proceeds Xerox Holdings Corporation received from its Senior Notes to Xerox, which was used to repay existing debt of Xerox Corporation.

Refer to Note 16 - Debt in the Consolidated Financial Statements for additional information regarding the Xerox Holdings Corporation/Xerox Corporation Intercompany Loan, our debt activity and information regarding the allocation of interest expense.

Interest Income

Interest income for the year ended December 31, 2021 was $10 million lower than 2020, primarily due to lower interest rates and a lower cash balance.

Non-service retirement-related costs

Non-service retirement-related costs decreased $60 million for the year ended December 31, 2021 as compared to 2020 primarily driven by lower discount rates and higher expected returns on plan assets due to higher asset balances.

Non-service retirement-related costs decreased $47 million for the year ended December 31, 2020 as compared to 2019 primarily driven by lower losses from pension settlements in the U.S. of $53 million, a $40 million decrease compared to 2019.

Refer to Note 19 - Employee Benefit Plans in the Consolidated Financial Statements for additional information regarding non-service retirement-related costs.

Gains on sales of businesses and assets

Gains on sales of businesses and assets increased $10 million and $9 million for the years ended December 31, 2021 and 2020, respectively, as compared to the respective prior year periods, and reflect the sales of non-core business assets in all periods presented.

Loss on early extinguishment of debt

During fourth quarter 2020 we recorded a $26 million loss associated with the early extinguishment of $1,062 million of the Senior Notes due May 2021. The net loss included the payment of a redemption premium of $24 million as well as the write-off of unamortized debt issuance costs and other debt carrying value adjustments.

Contract termination costs - IT services

Contract termination costs were a $3 million charge in 2020 and a $12 million credit in 2019, both of which are adjustments to a $43 million penalty recorded in 2018 related to the termination of an IT services arrangement. The penalty was associated with a minimum purchase commitment that would not be fulfilled due to the termination of the related IT services arrangement. The adjustments in 2020 and 2019 reflect changes in the estimate regarding the expected spending in the run-off of this terminated IT services arrangement and the amount due under the minimum purchase agreement. The commitment was settled in 2020 for approximately $34 million. The minimum purchase commitment had originally been entered into in connection with the sale of our Information Technology Outsourcing (ITO) business in 2015.

Tax indemnification from Conduent

Represents an indemnification payment expected to be received from Conduent as part of the settlement of pre-separation unrecognized tax positions related to Conduent when included in our consolidated return. The equal and offsetting charge to this receipt is recorded in Income tax expense, as part of our obligation to pay the taxing authorities.

Income Taxes

The 2021 effective tax rate was 3.6%. On an adjusted[1] basis, the 2021 effective tax rate was 6.5%. Both rates were lower than the U.S. statutory tax rate of 21% primarily due to the benefits from tax law changes, additional incentives as a result of changes in elections made with the filed tax returns, the decrease in deferred tax valuation allowances as well as the remeasurement of uncertain tax positions. The adjusted[1] effective tax rate also reflects partial offsets for the geographical mix of earnings. The adjusted[1] effective tax rate excludes the tax impacts associated with the following charges: non-cash Goodwill impairment, Restructuring and related costs, net, Amortization of intangible assets and non-service retirement-related costs, as described in our Non-GAAP Financial Measures section.

The 2020 effective tax rate was 25.4%. On an adjusted[1] basis, the 2020 effective tax rate was 26.3%. These rates were higher than the U.S. statutory tax rate of 21% primarily due to state taxes, non-deductible items on lower pre-tax income and an increase in deferred tax asset valuation allowances partially offset by the impact from various tax law changes. The adjusted[1] 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 as well as non-service retirement-related costs and other discrete, unusual or infrequent items as described in our Non-GAAP Financial Measures section.

The 2019 effective tax rate was 21.8% and included a credit of $35 million related to the 2017 Tax Cuts and Jobs Act (the Tax Act). On an adjusted[1] basis, the 2019 effective tax rate was 26.1%. Both rates were higher than the U.S. statutory tax rate of 21% primarily due to state taxes. In addition to excluding the impact of the Tax Act, the adjusted[1] 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 as well as other discrete, unusual or infrequent items as described in our Non-GAAP Financial Measures section.

Xerox operations are widely dispersed. However, no one country outside of the U.S. is a significant factor in determining our overall effective tax rate. The tax impact from these non-U.S. operations on our full-year effective tax rate for 2021 was (0.9)%. Refer to Note 20 - Income and Other Taxes in the Consolidated Financial Statements for additional information regarding the geographic mix of income before taxes and the related impacts on our effective tax rate.

Our effective tax rate is based on nonrecurring events as well as recurring factors, including the taxation of foreign income. In addition, our effective tax rate will change based on discrete or other nonrecurring events that may not be predictable.

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

Equity in Net Income of Unconsolidated Affiliates

In November 2019, Xerox Holdings sold its remaining indirect 25% equity interest in Fuji Xerox, which had been previously accounted for as an equity method investment. Accordingly, our remaining Investment in Affiliates, at Equity largely consists of several minor investments in entities in the Middle East region.

	Year Ended December 31,		
(in millions)	2021	2020	2019
Equity in net income of unconsolidated affiliates - Fuji Xerox[(1)]	$ —	$ —	$ 147
Equity in net income of unconsolidated affiliates - continuing operations	3	4	8
Total Equity in net income of unconsolidated affiliates	$ 3	$ 4	$ 155
Fuji Xerox after-tax restructuring and other charges included in equity income	—	—	20

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(1) Equity in net income for Fuji Xerox is reported in Income from discontinued operations, net of tax for all years presented. The equity in net income for Fuji Xerox in 2019 is through the date of sale.

Refer to Note 6 - Divestitures in the Consolidated Financial Statements for additional information regarding the sale of Fuji Xerox. Refer to Note 12 - Investment in Affiliates, at Equity in the Consolidated Financial Statements for additional information regarding our equity investments.

Net (Loss) Income from Continuing Operations

Net loss from continuing operations attributable to Xerox Holdings for the year ended December 31, 2021 was $(455) million, or $(2.56) per diluted share, which includes an after-tax Goodwill impairment charge of $750 million (pre-tax charge of $781 million) or ($4.08) per share. On an adjusted[1] basis, Net income from continuing operations attributable to Xerox Holdings was $293 million, or $1.51 per diluted share, and includes adjustments for the Goodwill impairment charge, Restructuring and related costs, net, Amortization of intangible assets, as well as non-service retirement-related costs and other discrete, unusual or infrequent items, as described in our Non-GAAP Financial Measures.

Net income from continuing operations attributable to Xerox Holdings for the year ended December 31, 2020 was $192 million, or $0.84 per diluted share. On an adjusted[1] basis, Net income from continuing operations attributable to Xerox Holdings was $313 million, or $1.41 per diluted share, and includes adjustments for 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, which included a Loss on the early extinguishment of debt, as described in our Non-GAAP Financial Measures.

Net income from continuing operations attributable to Xerox Holdings for the year ended December 31, 2019 was $648 million, or $2.78 per diluted share. On an adjusted[1] basis, Net income from continuing operations attributable to Xerox Holdings was $828 million, or $3.55 per diluted share, and includes adjustments for 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, including the impact from the Tax Act, as described in our Non-GAAP Financial Measures.

Refer to Note 26 - (Loss) Earnings per Share in the Consolidated Financial Statements, for additional information regarding the calculation of basic and diluted earnings per share.

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

Discontinued Operations

Discontinued operations relate to the November 2019 Sales of our indirect 25% equity interest in Fuji Xerox and our indirect 51% partnership interest in Xerox International Partners (XIP), which had been consolidated.

Refer to Note 6 - Divestitures in the Consolidated Financial Statements for additional information regarding discontinued operations.

Other Comprehensive Income

Other comprehensive income attributable to Xerox was $344 million in 2021 and included the following: i) $489 million of net gains from the changes in defined benefit plans primarily due to remeasurement and net actuarial gains as a result of higher discount rates, as well as the favorable impact of currency; ii) $141 million of net translation adjustment losses reflecting the weakening of our major foreign currencies against the U.S. Dollar during 2021; and iii) $4 million in unrealized losses, net.

Other comprehensive income attributable to Xerox was $314 million in 2020 and included the following: i) net translation adjustment gains of $241 million reflecting the strengthening of our major foreign currencies against the U.S. Dollar during 2020; ii) $69 million of net gains from changes in defined benefit plans primarily reflecting net actuarial gains due to actual returns in excess of expected returns offsetting the impacts from lower discount rates as well as the amortization or recognition through settlement losses of accumulated losses from AOCL. These impacts were partially offset by other losses, primarily due to unfavorable currency; and iii) $4 million in unrealized gains, net.

Other comprehensive income attributable to Xerox was $46 million in 2019 and included the following: i) net translation adjustment gains of $62 million reflecting aggregate translation gains of $45 million from the strengthening of most of our major foreign currencies against the U.S. Dollar during 2019, as well as a reclassification of $17 million of accumulated translation losses from AOCL into earnings as a result of the divestiture of our investments in FX and XIP; ii) $10 million of net losses from changes in defined benefit plans reflecting net losses of $138 million associated with defined benefit plan changes during 2019, primarily as a result of lower discount rates, as well as other losses of $21 million, primarily due to unfavorable currency. These losses were partially offset by the reclassification of $148 million of accumulated losses from AOCL into earnings as a result of the divestiture of our investments in FX and XIP; and iii) $6 million in unrealized losses, net.

Refer to our discussion of Pension Plan Assumptions in the **Application of Critical Accounting Policies** section of the MD&A as well as Note 19 - Employee Benefit Plans in the Consolidated Financial Statements for additional information regarding changes in our defined benefit plans. Refer to Note 17 - Financial Instruments in the Consolidated Financial Statements for additional information regarding our foreign currency derivatives and associated unrealized gains and losses.

New Business Strategy/Segment Reporting

In January 2021 we announced our intention to stand up our Software, Financing and Innovation businesses as separate units by 2022. During 2021, the operations and financial results for these units continued to be primarily managed by and reported in our "go-to-market" (GTM) sales channels and we did not have discrete and complete financial information for these new businesses. Accordingly, the chief operating decision maker (CODM) continued to manage the Company's operations, including the products and services from these new units, primarily through the GTM sales channels and as a result, we continued to have one operating and reportable segment.

Based on our efforts in 2021, as of year-end these new businesses have largely been stood-up as separate units and we will proceed with these efforts in 2022 and provide additional information related to these businesses during the year. Accordingly, as a result of this effort, we will be reassessing our operating and reportable segments in 2022 and a revision of our segment reporting is expected in 2022.

Recent Accounting Pronouncements

Refer to Note 1 - Basis of Presentation and Summary of Significant Accounting Policies in the Consolidated Financial Statements for a description of recent accounting pronouncements including the respective dates of adoption and the effects on results of operations and financial conditions.

Capital Resources and Liquidity

Our liquidity is primarily dependent on our ability to continue to generate positive cash flows from operations. Additional liquidity is also provided through access to the financial capital markets and through secured borrowings on our finance receivable balances. Our 2021 financial results continued to be impacted by the ongoing COVID-19 pandemic and those impacts are expected to continue at least through the first half of 2022. However, we believe we have sufficient liquidity to manage the business through the economic disruption caused by this pandemic. The following is a summary of our liquidity position:

- As of December 31, 2021 and 2020, total cash, cash equivalents and restricted cash were $1,909 million and $2,691 million, respectively, and apart from restricted cash of $69 million and $66 million, respectively, was readily accessible for use.
- As of December 31, 2021 and 2020, there were no borrowings or letters of credit outstanding under our $1.8 billion Credit Facility. The Credit Facility, which terminates in August 2022, contains various investment grade covenants at a time when the Company is not investment grade rated. The Company may seek to renegotiate or replace such facility, including reducing the size of such facility, or may determine not to replace such facility at all and may instead pursue other forms of liquidity. Any new credit agreement may result in higher borrowing costs and may contain non-investment grade covenants, such as those that would place greater restrictions on how the Company can run its businesses and/or limit the Company from taking certain actions that might otherwise be beneficial to the Company and/or its shareholders, customers, suppliers, partners and/or lenders.
- We continue to focus our efforts on incremental actions to prioritize and preserve cash as we manage through the pandemic.
- We expect operating cash flows from continuing operations to be approximately $475 million in 2022, reflecting increased investment across each of our new businesses as well as the absence of the upfront prepaid fixed royalty from FX of $100 million. Additionally, we expect that capital expenditures will be approximately $75 million.

Cash Flow Analysis

The following summarizes our cash flows for the three years ended December 31, 2021, 2020 and 2019, as reported in our Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements:

	Year Ended December 31,			Change	
(in millions)	2021	2020	2019	2021	2020
Net cash provided by operating activities of continuing operations	$ 629	$ 548	$ 1,244	$ 81	$ (696)
Net cash provided by operating activities of discontinued operations	—	—	89	—	(89)
Net cash provided by operating activities	629	548	1,333	81	(785)
Net cash used in investing activities of continuing operations	(85)	(246)	(85)	161	(161)
Net cash provided by investing activities of discontinued operations	—	—	2,233	—	(2,233)
Net cash (used in) provided by investing activities	(85)	(246)	2,148	161	(2,394)
Net cash used in financing activities	(1,310)	(416)	(1,834)	(894)	1,418
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(16)	10	—	(26)	10
(Decrease) increase in cash, cash equivalents and restricted cash	(782)	(104)	1,647	(678)	(1,751)
Cash, cash equivalents and restricted cash at beginning of year	2,691	2,795	1,148	(104)	1,647
Cash, Cash Equivalents and Restricted Cash at End of Year	$ 1,909	$ 2,691	$ 2,795	$ (782)	$ (104)

Cash Flows from Operating Activities

Net cash provided by operating activities of continuing operations was $629 million for the year ended December 31, 2021. The $81 million increase in operating cash from 2020 was primarily due to the following:

- $211 million decrease in pre-tax income before depreciation and amortization, provisions, goodwill impairment, restructuring and related costs, net and defined benefit pension costs.
- $241 million increase from accounts payable primarily due to higher spending as compared to the prior year and the timing of supplier and vendor payments.
- $222 million increase from inventory primarily due to significant cash usage in 2020 as inventory levels increased because of lower demand resulting from the COVID-19 pandemic.

- $136 million increase in other current and long-term liabilities, reflecting higher accruals from the increased level of operations as compared to the prior year.
- $94 million increase from accrued compensation primarily related to higher employee incentive accruals and year-over-year timing of employee incentive payments.
- $57 million net increase primarily due to the receipt of an upfront prepaid fixed royalty from FX of $100 million for their continued use of the Xerox brand trademark subsequent to the termination of our technology agreement with them.
- $22 million increase primarily due to lower payments for restructuring and related costs.
- $328 million decrease from accounts receivable primarily due to a lower year-over-year decline in revenues as well as the timing of collections.
- $163 million decrease from a lower net run-off of finance receivables due to an increased level of direct lease originations from our XBS sales unit as well as higher equipment sales.

Net cash provided by operating activities of continuing operations was $548 million for the year ended December 31, 2020. The $696 million decrease in operating cash from 2019 was primarily due to the following:

- $729 million decrease in pre-tax income before depreciation and amortization, provisions, gain on sales of businesses and assets, restructuring and related costs, net, defined benefit pension costs and loss on early extinguishment of debt.
- $243 million decrease from higher levels of inventory primarily due to lower sales volume.
- $147 million decrease in other current and long-term liabilities, reflecting lower accruals, particularly incentive-related payments associated with our direct channel partners and decrease in deferred revenue reflecting lower sales activity.
- $95 million decrease from accrued compensation primarily due to decreased spending and the year-over-year timing of payments.
- $76 million decrease from lower accounts payable primarily related to lower inventory and other spending partially offset by the timing of supplier and vendor payments.
- $359 million increase from accounts receivable primarily due to lower revenue and the timing of invoicing and collections.
- $117 million increase primarily related to a higher level of net run-off due to lower originations of finance receivables of $82 million and lower equipment on operating leases of $35 million.
- $57 million increase from net taxes primarily due to lower payments in 2020 as a result of lower pre-tax income.
- $51 million increase primarily due to lower payments for restructuring and related costs.

Cash Flows from Investing Activities

Net cash used in investing activities of continuing operations for Xerox Holdings was $85 million for the year ended December 31, 2021. The $161 million change in cash from 2020 was primarily due to the following:

- $150 million change due to three acquisitions completed in the current year for $53 million as compared to five acquisitions in the prior year for $203 million.
- $11 million increase due to proceeds from the sales of non-core business assets of $38 million in the current year as compared to $27 million in the prior year.
- Other investing, net of Xerox Holdings includes $8 million of noncontrolling investments as part of our corporate venture capital fund.

Net cash used in investing activities of continuing operations was $246 million for the year ended December 31, 2020. The $161 million change in cash from 2019 was primarily due to five acquisitions completed for $203 million in the current year compared to two acquisitions in the prior year for $42 million.

Cash Flows from Financing Activities

Net cash used in financing activities for Xerox Holdings was $1,310 million for the year ended December 31, 2021. The $894 million increase in the use of cash from 2020 was primarily due to the following:

- $588 million increase due to share repurchases in the current year of $888 million compared to share repurchases in the prior year of $300 million.
- $341 million increase from net debt activity. 2021 reflects payments of $518 million on secured financing arrangements and $1 million of deferred debt issuance costs offset by proceeds of $311 million on a new secured financing arrangement. 2020 reflects payments of $2,137 million on Senior Notes, $73 million for secured financing arrangements and $16 million of deferred debt issuance costs offset by proceeds of $1,507 million from a Senior Notes offering and $840 million from secured financing arrangements.
- $24 million decrease due to lower common stock dividends due to lower outstanding shares.

- Other financing, net includes receipts for noncontrolling investments of $5 million in Eloque, a joint venture for the remote monitoring of critical infrastructure assets and $10 million in CareAR Holdings LLC, a newly formed software business.

Net cash used in financing activities for Xerox was $1,318 million for the year ended December 31, 2021. 2021 reflects payments of $518 million on secured financing arrangements and $1 million of deferred debt issuance costs offset by proceeds of $311 million on a new secured financing arrangement. 2020 reflects payments of $2,137 million on Senior Notes, $73 million for secured financing arrangements and $3 million of deferred debt issuance costs offset by proceeds of $840 million from secured financing arrangements. Distributions to Xerox Holdings were $1,120 million and were primarily used to fund Xerox Holdings continuing dividends to shareholders and share repurchases. Xerox's distributions to the parent are expected to continue with those distributions primarily being used by Xerox Holdings to fund dividends and share repurchases.

Net cash used in financing activities for Xerox Holdings was $416 million for the year ended December 31, 2020. The $1,418 million decrease in the use of cash from 2019 was primarily due to the following:

- $1,083 million decrease from net debt activity. 2020 reflects payments of $2,137 million on Senior Notes, $73 million for secured financing arrangements and $16 million of deferred debt issuance costs offset by proceeds of $1,507 million from a Senior Notes offering and $840 million from secured financing arrangements. 2019 reflects payments of $960 million on Senior Notes.
- $300 million decrease due to lower share repurchases.
- $13 million decrease due to lower common stock dividends due to lower outstanding shares.
- $11 million decrease from lower distributions of noncontrolling interests.

Net cash used in financing activities for Xerox was $416 million for the year ended December 31, 2020. 2020 reflects payments of $2,137 million on Senior Notes, $73 million for secured financing arrangements and $3 million of deferred debt issuance costs offset by proceeds of $840 million from secured financing arrangements. Distributions to Xerox Holdings were $549 million and were primarily used to fund Xerox Holdings continuing dividends to shareholders and share repurchases. Xerox's distributions to the parent are expected to continue with those distributions primarily being used by Xerox Holdings to fund dividends and share repurchases. Contributions from parent of $1,494 million primarily represent the contribution by Xerox Holdings of aggregate net debt proceeds received from its Senior Note offerings in the third quarter of 2020 to Xerox.

Cash, Cash Equivalents and Restricted Cash

Refer to Note 15 - Supplementary Financial Information in the 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 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 eleven years and a variety of renewal and/or termination options. As of December 31, 2021 and 2020, total operating lease liabilities were $283 million and $333 million, respectively. Refer to Note 11 - Lessee in the Consolidated Financial Statements for additional information regarding our right-of-use (ROU) assets and lease obligations associated with our operating leases.

Debt and Customer Financing Activities

The following summarizes our total debt:

(in millions)	December 31, 2021	December 31, 2020
Xerox Holdings Corporation	$ 1,500	$ 1,500
Xerox Corporation	2,200	2,200
Xerox - Other Subsidiaries[(1)]	561	767
Subtotal - Principal debt balance[(2)]	4,261	4,467
Debt issuance costs		
Xerox Holdings Corporation	(11)	(13)
Xerox Corporation	(6)	(11)
Xerox - Other Subsidiaries[(1)]	(1)	(3)
Subtotal - Debt issuance costs	(18)	(27)
Net unamortized premium	3	3
Fair value adjustments[(3)]		
- terminated swaps	—	1
Total Debt	$ 4,246	$ 4,444

(1) Represents subsidiaries of Xerox Corporation.

(2) There were no Notes Payable at December 31, 2021 and December 31, 2020, respectively.

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

Refer to Note 16 - Debt in the Consolidated Financial Statements for additional information regarding our debt activity.

Credit Rating Downgrade

As a result of the downgrade of our debt ratings in February 2022 by one of the rating agencies, the coupon rate on our $1.0 billion Senior Notes due 2023 of 4.375% will increase by 0.25% to 4.625% effective March 15, 2022.

Finance Assets and Related Debt

We provide lease equipment financing to our customers. Our lease contracts permit customers to pay for equipment over time rather than at the date of installation. Our investment in these contracts is reflected in total finance assets, net. We primarily fund our customer financing activity through cash generated from operations, cash on hand, sales and securitizations of finance receivables and proceeds from capital markets offerings.

We have arrangements, in certain international countries and domestically, with our small and mid-sized customers in which third-party financial institutions independently provide lease financing directly to our customers, on a non-recourse basis to Xerox. In these arrangements, we sell and transfer title of the equipment to these financial institutions. Generally, we have no continuing ownership rights in the equipment subsequent to its sale; therefore, the unrelated third-party finance receivable and debt are not included in our Consolidated Financial Statements.

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

(in millions)	December 31, 2021	December 31, 2020
Total finance receivables, net[(1)]	$ 3,070	$ 3,165
Equipment on operating leases, net	253	296
Total Finance assets, net [(2)]	$ 3,323	$ 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 Consolidated Balance Sheets.

(2) The change from December 31, 2020 includes a decrease of $74 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 receivables, 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. Approximately 35% of our Total Finance assets, net balance at December 31, 2021 include indirect lease financing primarily provided to end-user customers who purchased equipment sold through distributors, resellers and dealers.

Based on this leverage, the following represents the breakdown of total debt between financing debt and core debt:

(in millions)	December 31, 2021	December 31, 2020
Finance receivables debt[1]	$ 2,687	$ 2,769
Equipment on operating leases debt	221	259
Financing debt	2,908	3,028
Core debt	1,338	1,416
Total Debt	$ 4,246	$ 4,444

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

At December 31, 2021, leverage was assessed against the Total Debt of Xerox Holdings Corporation and Xerox Corporation since the debt held by Xerox Holdings Corporation is guaranteed by Xerox Corporation and the funds from that borrowing were contributed in full by Xerox Holdings Corporation to Xerox Corporation. In 2022, we expect to continue leveraging our finance assets on a Total Debt basis at an assumed 7:1 ratio of debt to equity.

Capital Market/Debt Activity

During 2021 we received $311 million from a secured financing arrangement. The secured loan was an amendment of the July 2020 secured borrowing with the same financial institution, which had a remaining balance of $136 million, and we received the incremental net cash.

Refer to Note 16 - Debt in the Consolidated Financial Statements for additional information regarding our debt activity, as well as Note 27 - Subsequent Events in the Consolidated Financial Statements for additional information related to our secured financing arrangements.

Financial Instruments

Refer to Note 17 - Financial Instruments in the Consolidated Financial Statements for additional information.

Sales of Accounts Receivable

The net impact from the sales of accounts receivable on reported net cash flows is summarized below:

(in millions)	Year Ended December 31, 2021	2020	2019
Estimated (decrease) increase to net cash flows[1]	$ (26)	$ (41)	$ 37

(1) Represents the difference between current and prior year fourth quarter accounts receivable sales adjusted for the effects of: (i) the deferred proceeds, (ii) collections prior to the end of the year and (iii) currency. The decrease in 2020 reflects a decrease in the level of accounts receivable sold due to lower sales revenue as a result of impacts from the COVID-19 pandemic.

Refer to Note 7 - Accounts Receivable, Net in the Consolidated Financial Statements for additional information regarding our accounts receivable sales arrangements.

Share Repurchase Programs - Treasury Stock

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 its original share repurchase program, initiated in July 2019, to $1.1 billion (exclusive of any commissions and other transaction fees and costs related thereto).

In October 2021, the Xerox Holdings Corporation's Board of Directors authorized a $500 million share repurchase program (exclusive of any commissions and other transaction fees and costs related thereto). This program replaced the approximate $450 thousand of authority remaining under Xerox Holdings Corporation's previously authorized $1.1 billion share repurchase program.

During 2021, Xerox Holdings Corporation repurchased 19.4 million shares of our common stock for an aggregate cost of approximately $388 million, including fees. The remaining authorization at December 31, 2021 is approximately $113 million.

Including the shares repurchased under Xerox Holdings Corporation's current and previously authorized share repurchase programs in 2021, Xerox Holdings Corporation repurchased 40.2 million shares of our common stock for an aggregate cost of approximately $888 million, including fees.

During 2020, Xerox Holdings Corporation repurchased 15.6 million shares of our common stock for an aggregate cost of $300 million, including fees.

During 2019, Xerox Holdings Corporation repurchased 9.1 million shares of our common stock for an aggregate cost of $300 million, including fees. Including the shares repurchased under Xerox Corporation's previously authorized share repurchase program, Xerox Holdings Corporation repurchased 18.3 million shares of our common stock for an aggregate cost of $600 million, including fees, during 2019.

Refer to Note 23 - Shareholders' Equity in the Consolidated Financial Statements for additional information regarding our share repurchase program.

Dividends

Aggregate dividends of $181 million, $209 million and $226 million were declared on common stock in 2021, 2020 and 2019, respectively. The decrease in dividends since 2019 primarily reflects lower shares of common stock outstanding as a result of our share repurchase programs.

Aggregate dividends of $14 million were declared on preferred stock in 2021, 2020 and 2019, respectively.

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 in line with historical and projected cash flows and are spread over the next five years as follows:

(in millions)	Xerox Holdings Corporation	Xerox Corporation	Xerox - Other Subsidiaries(1)	Total
2022 - Q1	$ —	$ 300	$ 96	$ 396
2022 - Q2	—	—	92	92
2022 - Q3	—	—	85	85
2022 - Q4	—	—	78	78
2023	—	1,000	185	1,185
2024	—	300	25	325
2025	750	—	—	750
2026	—	—	—	—
2027 and thereafter	750	600	—	1,350
Total(2)	$ 1,500	$ 2,200	$ 561	$ 4,261

(1) Represents subsidiaries of Xerox Corporation.
(2) Includes fair value adjustments.

Loan Covenants and Compliance

At December 31, 2021, we were in full compliance with the covenants and other provisions of our Credit Facility and Senior Notes. We have the right to terminate the Credit Facility without penalty. Failure to comply with material provisions or covenants of the Credit Facility and Senior Notes could have a material adverse effect on our liquidity and operations and our ability to continue to fund our customers' purchases of Xerox equipment.

Refer to Note 16 - Debt in the Consolidated Financial Statements for additional information regarding debt arrangements and our Credit Facility.

Contractual Cash Obligations and Other Commercial Commitments and Contingencies

At December 31, 2021, we had the following contractual cash obligations and other commercial commitments and contingencies:

(in millions)	2022	2023	2024	2025	2026	Thereafter
Total debt(1)	$ 651	$ 1,185	$ 325	$ 750	$ —	$ 1,350
Interest on debt(1)	178	138	120	100	77	472
Minimum operating lease commitments(2)	98	78	45	31	26	35
Defined benefit pension plans	135	—	—	—	—	—
Retiree health payments	25	25	24	22	21	87
Estimated Purchase Commitments:						
FUJIFILM Business Innovation Corp.(3)	1,180	—	—	—	—	—
Flex(4)	140	—	—	—	—	—
HCL(5)	215	193	189	186	46	—
TCS(6)	36	33	29	26	25	14
Other(7)	150	87	25	19	10	—
Total	$ 2,808	$ 1,739	$ 757	$ 1,134	$ 205	$ 1,958

(1) Refer to Note 16 - Debt in the Consolidated Financial Statements for additional information regarding debt and interest on debt.

(2) Refer to Note 11 – Lessee in the Consolidated Financial Statements for additional information related to minimum operating lease commitments.

(3) FUJIFILM Business Innovation Corp.: The amount included in the table reflects our estimate of purchases over the next year and is not a contractual commitment.

(4) Flex: We outsource certain manufacturing activities to Flex. The amount included in the table reflects our estimate of purchases over the next year and is not a contractual commitment. In the past two years, actual purchases from Flex averaged approximately $123 million per year.

(5) HCL: Shared services arrangement with HCL Technologies.

(6) TCS: Shared services arrangement with Tata Consulting Services.

(7) Other purchase commitments: We enter into other purchase commitments with vendors in the ordinary course of business. Our policy with respect to all purchase commitments is to record losses, if any, when they are probable and reasonably estimable. We currently do not have, nor do we anticipate, material loss contracts.

Pension and Retiree Health Benefit Plans

We sponsor defined benefit pension plans and retiree health plans that require periodic cash contributions. Our 2021 cash contributions for these plans were $135 million for our defined benefit pension plans and $25 million for our retiree health plans.

In 2022, based on current actuarial calculations, we expect to make contributions of approximately $135 million to our worldwide defined benefit pension plans and $25 million to our retiree health benefit plans. There are no contributions required in 2022 for our U.S. tax-qualified defined benefit plans to meet the minimum funding requirements. Contributions to our defined benefit pension plans in subsequent years will depend on a number of factors, including the investment performance of plan assets and discount rates as well as potential legislative and plan changes.

At December 31, 2021, the net unfunded balance of our defined benefit pension plans was $119 million, which is a $786 million decrease from the balance at December 31, 2020. The decrease is primarily due to contributions, favorable asset returns and higher discount rates, which lowered the benefit obligation. The $119 million net unfunded position at December 31, 2021 includes the following:

- $(763) million for certain unfunded plans that by design do not require or allow for advanced funding.
- $(571) million for under-funded plans, primarily our U.S. tax qualified plans ($512 million under-funded).
- $1,215 million for over-funded plans, primarily our U.K. plan ($1,044 million over-funded).

Cash contributions to our retiree health plans are made each year to cover medical claims costs incurred during the year. The amounts reported in the above table as retiree health payments represent our estimate of future benefit payments. Our retiree health benefit plans are non-funded and are primarily related to domestic operations. The unfunded balance of our retiree health plans of $303 million at December 31, 2021 decreased $67 million from the balance at December 31, 2020 primarily due to a plan amendment to our U.S. Retiree Health plan, which reduced future benefits and the benefit obligation by approximately $50 million, as well as benefit payments and higher discount rates.

Refer to Note 19 - Employee Benefit Plans in the Consolidated Financial Statements for additional information regarding contributions to our defined benefit pension and retiree health plans.

FUJIFILM Business Innovation Corp.

As previously disclosed, in November 2019, Xerox Holdings completed the sale of its indirect 25% equity interest in Fuji Xerox (now known as FUJIFILM Business Innovation Corp.). However, arrangements with FUJIFILM Business Innovation Corp. whereby we purchase inventory from and sell inventory to FUJIFILM Business Innovation Corp. continued after the sale.

We purchased products, including parts and supplies, from FUJIFILM Business Innovation Corp. totaling $966 million, $1.1 billion and $1.3 billion in 2021, 2020 and 2019, respectively. Our product supply agreements with FUJIFILM Business Innovation Corp. are designed to support the entire product lifecycle, end-to-end, including the availability of spare parts, consumables and technical support throughout the time such products are with our customers. Our purchase orders under such agreements are made in the normal course of business and typically have a lead time of three months.

Shared Services Arrangements

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 $829 million 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.

In July 2021, Xerox entered into an arrangement with Tata Consulting Services (TCS), whereby TCS will provide business processing outsourcing services in support of our global finance organization. This included the transition of all the finance processes currently being provided by HCL. These activities started to transition during the third quarter 2021 and were completed in fourth quarter 2021. The transition does not impact our minimum revenue commitments to HCL and will result in all of our finance business processing outsourcing services being provided by one vendor. TCS will leverage their existing technology and make additional investments as required to consolidate, optimize and automate the supported services with the goal of providing improved service levels and cost savings. The arrangement is initially for 6 years with a total contract value of approximately $163 million. We can terminate the arrangement subject to payment of termination fees that decline over the term.

We incurred net charges of $207 million and $185 million for the years ended December 31, 2021 and 2020, respectively, related to these shared services arrangements. The cost has been allocated to the various functional expense lines in the Consolidated Statements of (Loss) Income based on an assessment of the nature and amount of the costs incurred for the various transferred functions prior to their transfer to HCL and TCS.

Brazil Contingencies

Our Brazilian operations have received or been the subject of numerous governmental assessments related to indirect and other taxes. These 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:

(in millions)	December 31, 2021	December 31, 2020
Tax contingency - unreserved	$ 292	$ 355
Escrow cash deposits	32	39
Surety bonds	96	112
Letters of credit	74	78
Liens on Brazilian assets	—	—

The decrease in the unreserved portion of the tax contingency, inclusive of any related interest, was primarily related to closed cases and 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 December 31, 2021 and 2020. We routinely assess all these matters as to probability of ultimately incurring a liability against our Brazilian operations and record our best estimate of the ultimate loss in situations where we assess the likelihood of an ultimate loss as probable.

Other Contingencies and Commitments

As more fully discussed in Note 21 - Contingencies and Litigation in the Consolidated Financial Statements, we are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting, servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. In addition, guarantees, indemnifications and claims may arise during the ordinary course of business from relationships with suppliers, customers and non-consolidated affiliates. Nonperformance under a contract including a guarantee, indemnification or claim could trigger an obligation of the Company.

We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. Should developments in any of these areas cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, financial position and cash flows in the period or periods in which such change in determination, judgment or settlement occurs.

Unrecognized Tax Benefits

As of December 31, 2021, we had $107 million of unrecognized tax benefits. This represents the tax benefits associated with various tax positions taken, or expected to be taken, on domestic and foreign tax returns that have not been recognized in our financial statements due to uncertainty regarding their resolution. The resolution or settlement of these tax positions with the taxing authorities is at various stages and, therefore, we are unable to make a reliable estimate of the eventual cash flows by period that may be required to settle these matters. In addition, certain of these matters may not require cash settlement due to the existence of credit and net operating loss carryforwards, as well as other offsets, including the indirect benefit from other taxing jurisdictions that may be available.

Refer to Note 20 - Income and Other Taxes in the Consolidated Financial Statements for additional information regarding unrecognized tax benefits.

Off-Balance Sheet Arrangements

We may occasionally utilize off-balance sheet arrangements in our operations (as defined by the SEC Financial Reporting Release 67 (FRR-67), “Disclosure in Management’s Discussion and Analysis about Off-Balance Sheet Arrangements and Aggregate Contractual Obligations”). Accounts receivable sales facilities arrangements that we enter into may have off-balance sheet elements. During 2017, we terminated all accounts receivable sales arrangements in North America and all but one arrangement in Europe. Refer to Note 7 - Accounts Receivable, Net in the Consolidated Financial Statements for further information regarding accounts receivable sales.

As of December 31, 2021, we do not believe we have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

In addition, see the preceding table for the Company's contractual cash obligations and other commercial commitments and contingencies and Note 21 - Contingencies and Litigation in the Consolidated Financial Statements for additional information regarding contingencies, guarantees, indemnifications and warranty liabilities.

Non-GAAP Financial Measures

We have reported our financial results in accordance with generally accepted accounting principles (GAAP). In addition, we have discussed our 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.

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

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.

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.
- Losses on early extinguishment of debt.
- Contract termination costs - IT services.
- Impacts associated with the Tax Cuts and Jobs Act (the Tax Act) enacted in December 2017.

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

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 above 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 the **Currency Impact** section in the MD&A for 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 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.

Net (Loss) Income and EPS reconciliation

	Year Ended December 31,					
	2021		2020		2019	
(in millions, except per share amounts)	Net (Loss) Income	EPS	Net Income	EPS	Net Income	EPS
Reported(1)	$ (455)	$ (2.56)	$ 192	$ 0.84	$ 648	$ 2.78
Adjustments:						
Goodwill impairment	781		—		—	
Restructuring and related costs, net	38		93		229	
Amortization of intangible assets	55		56		45	
Transaction and related costs, net	—		18		12	
Non-service retirement-related costs	(89)		(29)		18	
Loss on early extinguishment of debt	—		26		—	
Contract termination costs - IT services	—		3		(12)	
Income tax on adjustments(2)	(37)		(46)		(77)	
Tax Act	—		—		(35)	
Adjusted	$ 293	$ 1.51	$ 313	$ 1.41	$ 828	$ 3.55
Dividends on preferred stock used in adjusted EPS calculation(3)		$ 14		$ 14		$ —
Weighted average shares for adjusted EPS(3)		185		211		233
Estimated fully diluted shares at December 31, 2021(4)		162				

(1) *Net (loss) income and EPS from continuing operations attributable to Xerox Holdings. 2021 Net (loss) and EPS include an after-tax non-cash goodwill impairment charge of $750 million or $4.08 per share.*
(2) *Refer to Effective Tax Rate reconciliation.*
(3) *For those periods that include the preferred stock dividend, the average shares for the calculations of diluted EPS exclude the 7 million shares associated with Xerox Holdings Corporation's Series A Convertible preferred stock.*
(4) *Represents common shares outstanding at December 31, 2021 plus potential dilutive common shares used for the calculation of adjusted diluted earnings per share for the year ended December 31, 2021. The amount excludes shares associated with Xerox Holdings Corporation's Series A convertible preferred stock as they were anti-dilutive.*

Effective Tax Rate reconciliation

	Year Ended December 31,								
	2021			2020			2019		
(in millions)	Pre-Tax (Loss) Income	Income Tax (Benefit) Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported[(1)]	$ (475)	$ (17)	3.6 %	$ 252	$ 64	25.4 %	$ 822	$ 179	21.8 %
Goodwill impairment[(2)]	781	31		—	—		—	—	
Non-GAAP Adjustments[(2)]	4	6		167	46		292	77	
Tax Act	—	—		—	—		—	35	
Adjusted[(3)]	$ 310	$ 20	6.5 %	$ 419	$ 110	26.3 %	$ 1,114	$ 291	26.1 %

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

Operating (Loss) Income and Margin reconciliation

	Year Ended December 31,								
	2021			2020			2019		
(in millions)	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported[(1)]	$ (475)	$ 7,038	(6.7)%	$ 252	$ 7,022	3.6 %	$ 822	$ 9,066	9.1 %
Adjustments:									
Goodwill impairment	781			—			—		
Restructuring and related costs, net	38			93			229		
Amortization of intangible assets	55			56			45		
Transaction and related costs, net	—			18			12		
Other expenses, net[(2)]	(24)			45			84		
Adjusted	$ 375	$ 7,038	5.3 %	$ 464	$ 7,022	6.6 %	$ 1,192	$ 9,066	13.1 %

(1) Pre-tax (Loss) Income and revenue from continuing operations.
(2) Includes non-service retirement-related costs of $(89) million, $(29) million and $18 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Financial Risk Management

We are exposed to market risk from changes in foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We utilized derivative financial instruments to hedge economic exposures, as well as reduce earnings and cash flow volatility resulting from shifts in market rates.

Recent market events have not caused us to materially modify or change our financial risk management strategies with respect to our exposures to interest rate and foreign currency risk. Refer to Note 17 - Financial Instruments in the Consolidated Financial Statements for additional discussion on our financial risk management.

Foreign Exchange Risk Management

Assuming a 10% appreciation or depreciation in foreign currency exchange rates from the quoted foreign currency exchange rates at December 31, 2021, it would not significantly change the fair value of foreign currency-denominated assets and liabilities as all material currency asset and liability exposures were economically hedged as of December 31, 2021. A 10% appreciation or depreciation of the U.S. Dollar against all currencies from the quoted foreign currency exchange rates at December 31, 2021 would have an impact on our cumulative translation adjustment portion of equity of approximately $393 million. The net amount invested in foreign subsidiaries and affiliates, primarily Xerox Limited and Xerox Canada Inc. and translated into U.S. Dollars using the year-end exchange rates, was approximately $3.9 billion at December 31, 2021.

Interest Rate Risk Management

The consolidated average interest rate associated with our total debt for 2021, 2020 and 2019 approximated 4.8%, 4.8%, and 4.9%, respectively. Interest expense includes the impact of our interest rate derivatives.

Virtually all customer-financing assets earn fixed rates of interest. The interest rates on a significant portion of the Company's term debt are fixed.

As of December 31, 2021, of our total debt of $4.2 billion, a total of $560 million of secured borrowings carried variable interest rates, of which $293 million has a variable interest rate based on LIBOR plus a spread and the remaining $267 million has a variable interest rate based on the financial institution's cost of funds plus a spread.

The fair market values of our fixed-rate financial instruments are sensitive to changes in interest rates. At December 31, 2021, a 10% change in market interest rates would change the fair values of such financial instruments by approximately $68 million.

Refer to Note 16 - Debt in the Consolidated Financial Statements for additional information regarding our interest expense and our secured borrowings.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Xerox Holdings Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Xerox Holdings Corporation and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of (loss) income, of comprehensive (loss) income, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Realizability of Deferred Tax Assets

As described in Note 20 to the consolidated financial statements, the Company has recorded $705 million of deferred tax assets, net of a valuation allowance of $357 million, as of December 31, 2021. Management records the estimated future tax effects of temporary differences between the tax bases of assets and amounts reported, as well as net operating loss and tax credit carryforwards. Deferred tax assets are assessed for realizability and, where applicable, a valuation allowance is recorded to reduce the total deferred tax asset to an amount that will, more-likely-than-not, be realized in the future. Management applied judgment in assessing the realizability of these deferred tax assets and the need for any valuation allowances, in particular the realizability of U.S. tax credit carryforwards with a limited life. In determining the amount of deferred tax assets that are more-likely-than-not to be realized, management considered historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies.

The principal considerations for our determination that performing procedures relating to the realizability of deferred tax assets is a critical audit matter are the significant judgment by management in assessing the realizability of deferred tax assets related to the Company's U.S. tax credit carryforwards with a limited life, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and in evaluating management’s significant assumptions related to projected future taxable income. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the realizability of deferred tax assets, including controls over projected future taxable income. These procedures also included, among others, evaluating management’s assessment of the realizability of deferred tax assets related to the Company's U.S. tax credit carryforwards with a limited life, including evaluating the reasonableness of the assumptions related to projected future taxable income. Evaluating management’s assumptions related to projected future taxable income involved evaluating whether the assumptions were reasonable by considering historical profitability as well as other audit evidence related to management’s forecasts. Professionals with specialized skill and knowledge were used to assist in the evaluation of management’s application of income tax law in determining projected future taxable income and the assessment of the realizability of deferred tax assets related to the Company's U.S. tax credit carryforwards with a limited life.

Goodwill Impairment Assessment

As described in Notes 1 and 13 to the consolidated financial statements, the Company has recorded $3,287 million of goodwill as of December 31, 2021 for its single reporting unit. Management assesses goodwill for impairment at least annually, during the fourth quarter based on balances as of October 1st, and more frequently if indicators of impairment exist or if a decision is made to sell or exit a business. If the fair value exceeds the carrying value, goodwill is not considered impaired. If the carrying value exceeds the fair value, goodwill is considered impaired and management would recognize an impairment loss for the excess. Management performs an assessment of goodwill, utilizing either a qualitative or quantitative impairment test. The qualitative impairment test assesses several factors to determine whether it is more-likely-than-not that the fair value of the entity is less than its carrying amount. In a quantitative impairment test, management assesses goodwill by comparing the carrying amount of the entity to its fair value, and the fair value of the entity is determined by using a weighted combination of an income approach and a market approach. After completing the annual quantitative test in the fourth quarter 2021, management concluded that the fair value of the Company had declined below its carrying value. As a result, the

Company recognized an after-tax non-cash impairment charge of $750 million ($781 million pre-tax) for the year ended December 31, 2021. As disclosed by management, the income approach is based on the discounted cash flow method that uses management's estimates of forecasted future financial performance including revenues, gross margins, operating expenses, taxes, working capital, and capital asset requirements. Projected cash flows are then discounted to a present value employing a discount rate that properly accounts for the estimated market weighted-average cost of capital, as well as any risk unique to the subject cash flows.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment is a critical audit matter are the significant judgment by management in determining the fair value estimate of the reporting unit, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and in evaluating management’s discounted cash flow method and significant assumptions related to forecasted revenues, gross margins and operating expenses, and the discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management’s goodwill impairment assessment, including controls over the valuation of the Company’s reporting unit and the controls over the development of the assumptions related to forecasted revenues, gross margins and operating expenses, and the discount rate. These procedures also included, among others (i) testing management’s process for determining the fair value estimate; (ii) evaluating the appropriateness of the discounted cash flow method; (iii) testing the completeness and accuracy of underlying data used in the estimate; and (iv) evaluating the reasonableness of the significant assumptions used by management related to the forecasted revenues, gross margins and operating expenses, and the discount rate. Evaluating management’s assumptions related to forecasted revenues, gross margins and operating expenses involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were also used to assist in the evaluation of the Company’s discounted cash flow method and the discount rate assumption.

/s/ PricewaterhouseCoopers LLP

Stamford, Connecticut
February 23, 2022

We have served as the Company’s or its predecessor's auditor since 2001.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder of Xerox Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Xerox Corporation and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of (loss) income, of comprehensive (loss) income, of shareholder's equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Realizability of Deferred Tax Assets

As described in Note 20 to the consolidated financial statements, the Company has recorded $705 million of deferred tax assets, net of a valuation allowance of $357 million, as of December 31, 2021. Management records the estimated future tax effects of temporary differences between the tax bases of assets and amounts reported, as well as net operating loss and tax credit carryforwards. Deferred tax assets are assessed for realizability and, where applicable, a valuation allowance is recorded to reduce the total deferred tax asset to an amount that will, more-likely-than-not, be realized in the future. Management applied judgment in assessing the realizability of these deferred tax assets and the need for any valuation allowances, in particular the realizability of U.S. tax credit carryforwards with a limited life. In determining the amount of deferred tax assets that are more-likely-than-not to be realized, management considered historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies.

The principal considerations for our determination that performing procedures relating to the realizability of deferred tax assets is a critical audit matter are the significant judgment by management in assessing the realizability of deferred tax assets related to the Company's U.S. tax credit carryforwards with a limited life, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and in evaluating management's significant assumptions related to projected future taxable income. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the realizability of deferred tax assets, including controls over projected future taxable income. These procedures also included, among others, evaluating management's assessment of the realizability of deferred tax assets related to the Company's U.S. tax credit carryforwards with a limited life, including evaluating the reasonableness of the assumptions related to projected future taxable income. Evaluating management's assumptions related to projected future taxable income involved evaluating whether the assumptions were reasonable by considering historical profitability as well as other audit evidence related to management's forecasts. Professionals with specialized skill and knowledge were used to assist in the evaluation of management's application of income tax law in determining projected future taxable income and the assessment of the realizability of deferred tax assets related to the Company's U.S. tax credit carryforwards with a limited life.

Goodwill Impairment Assessment

As described in Notes 1 and 13 to the consolidated financial statements, the Company has recorded $3,287 million of goodwill as of December 31, 2021 for its single reporting unit. Management assesses goodwill for impairment at least annually, during the fourth quarter based on balances as of October 1st, and more frequently if indicators of impairment exist or if a decision is made to sell or exit a business. If the fair value exceeds the carrying value, goodwill is not considered impaired. If the carrying value exceeds the fair value, goodwill is considered impaired and management would recognize an impairment loss for the excess. Management performs an assessment of goodwill, utilizing either a qualitative or quantitative impairment test. The qualitative impairment test assesses several factors to determine whether it is more-likely-than-not that the fair value of the entity is less than its carrying amount. In a quantitative impairment test, management assesses goodwill by comparing the carrying amount of the entity to its fair value, and the fair value of the entity is determined by using a weighted combination of an income approach and a market approach. After completing the annual quantitative test in the fourth quarter 2021, management concluded that the fair value of the Company had declined below its carrying value. As a result, the Company recognized an after-tax non-cash impairment charge of $750 million ($781 million pre-tax) for the year ended December 31, 2021. As disclosed by management, the income approach is based on the discounted cash flow method that uses management's estimates of forecasted future financial performance including revenues, gross margins, operating expenses, taxes, working capital, and capital asset requirements. Projected cash flows are then discounted to a present value employing a discount rate that properly accounts for the estimated market weighted-average cost of capital, as well as any risk unique to the subject cash flows.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment is a critical audit matter are the significant judgment by management in determining the fair value estimate of the reporting unit, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and in evaluating management's discounted cash flow method and significant assumptions related to forecasted revenues, gross margins and operating expenses, and the discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the Company's reporting unit and the controls over the development of the assumptions related to forecasted revenues, gross margins and operating expenses, and the discount rate. These procedures also included, among others (i) testing management's process for determining the fair value estimate; (ii) evaluating the appropriateness of the discounted cash flow method; (iii) testing the completeness and accuracy of underlying data used in the estimate; and (iv) evaluating the reasonableness of the significant assumptions used by management related to the forecasted revenues, gross margins and operating expenses, and the discount rate. Evaluating management's assumptions related to forecasted revenues, gross margins and operating expenses involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were also used to assist in the evaluation of the Company's discounted cash flow method and the discount rate assumption.

/s/ PricewaterhouseCoopers LLP

Stamford, Connecticut
February 23, 2022

We have served as the Company's auditor since 2001.

Xerox Holdings Corporation
Reports of Management

Management's Responsibility for Financial Statements

The management of Xerox Holdings Corporation is responsible for the integrity and objectivity of all information presented in this annual report. The Consolidated Financial Statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the Consolidated Financial Statements fairly reflect the form and substance of transactions and that the financial statements fairly represent Xerox Holdings Corporation's financial position and results of operations.

The Audit Committee of the Xerox Holdings Corporation Board of Directors, which is composed solely of independent directors, meets regularly with the independent auditors, PricewaterhouseCoopers LLP, the internal auditors and representatives of management to review accounting, financial reporting, internal control and audit matters, as well as the nature and extent of the audit effort. The Audit Committee is responsible for the engagement of the independent auditors. The independent auditors and internal auditors have free access to the Audit Committee.

Management's Report on Internal Control Over Financial Reporting

The management of Xerox Holdings Corporation is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the rules promulgated under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive, financial and accounting officers, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *"Internal Control - Integrated Framework* (2013)*"* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the above evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2021. The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

/s/ GIOVANNI VISENTIN	/s/ XAVIER HEISS	/s/ JOSEPH H. MANCINI, JR.
Chief Executive Officer	**Chief Financial Officer**	**Chief Accounting Officer**

Xerox Corporation
Reports of Management

Management's Responsibility for Financial Statements

The management of Xerox Corporation is responsible for the integrity and objectivity of all information presented in this annual report. The Consolidated Financial Statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the Consolidated Financial Statements fairly reflect the form and substance of transactions and that the financial statements fairly represent Xerox Corporation's financial position and results of operations.

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Management's Report on Internal Control Over Financial Reporting

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Based on the above evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2021. The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

/s/ GIOVANNI VISENTIN	/s/ XAVIER HEISS	/s/ JOSEPH H. MANCINI, JR.
Chief Executive Officer	**Chief Financial Officer**	**Chief Accounting Officer**

Xerox Holdings Corporation
Consolidated Statements of (Loss) Income

(in millions, except per-share data)	Year Ended December 31, 2021	2020	2019
Revenues			
Sales	$ 2,582	$ 2,449	$ 3,227
Services, maintenance and rentals	4,235	4,347	5,595
Financing	221	226	244
Total Revenues	7,038	7,022	9,066
Costs and Expenses			
Cost of sales	1,862	1,742	2,097
Cost of services, maintenance and rentals	2,662	2,533	3,188
Cost of financing	111	121	131
Research, development and engineering expenses	310	311	373
Selling, administrative and general expenses	1,718	1,851	2,085
Goodwill impairment	781	—	—
Restructuring and related costs, net	38	93	229
Amortization of intangible assets	55	56	45
Transaction and related costs, net	—	18	12
Other expenses, net	(24)	45	84
Total Costs and Expenses	7,513	6,770	8,244
Income before Income Taxes and Equity (Loss) Income	(475)	252	822
Income tax (benefit) expense	(17)	64	179
Equity in net income of unconsolidated affiliates	3	4	8
(Loss) Income from Continuing Operations	(455)	192	651
Income from discontinued operations, net of tax	—	—	710
Net (Loss) Income	(455)	192	1,361
Less: Income from continuing operations attributable to noncontrolling interests	—	—	3
Less: Income from discontinued operations attributable to noncontrolling interests	—	—	5
Net (Loss) Income Attributable to Xerox Holdings	$ (455)	$ 192	$ 1,353
Amounts attributable to Xerox Holdings:			
(Loss) Income from continuing operations	$ (455)	$ 192	$ 648
Income from discontinued operations	—	—	705
Net (Loss) Income Attributable to Xerox Holdings	$ (455)	$ 192	$ 1,353
Basic (Loss) Earnings per Share:			
Continuing operations	$ (2.56)	$ 0.85	$ 2.86
Discontinued operations	—	—	3.17
Total Basic (Loss) Earnings per Share	$ (2.56)	$ 0.85	$ 6.03
Diluted (Loss) Earnings per Share:			
Continuing operations	$ (2.56)	$ 0.84	$ 2.78
Discontinued operations	—	—	3.02
Total Diluted (Loss) Earnings per Share	$ (2.56)	$ 0.84	$ 5.80

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

Xerox Holdings Corporation
Consolidated Statements of Comprehensive (Loss) Income

	Year Ended December 31,		
(in millions)	2021	2020	2019
Net (Loss) Income	$ (455)	$ 192	$ 1,361
Less: Income from continuing operations attributable to noncontrolling interests	—	—	3
Less: Income from discontinued operations attributable to noncontrolling interests	—	—	5
Net (Loss) Income Attributable to Xerox Holdings	$ (455)	$ 192	$ 1,353
Other Comprehensive (Loss) Income, Net(1)			
Translation adjustments, net	$ (141)	$ 241	$ 62
Unrealized (losses) gains, net	(4)	4	(6)
Changes in defined benefit plans, net	489	69	(10)
Other Comprehensive Income, Net Attributable to Xerox Holdings	$ 344	$ 314	$ 46
Comprehensive (Loss) Income, Net	$ (111)	$ 506	$ 1,407
Less: Comprehensive income, net from continuing operations attributable to noncontrolling interests	—	—	3
Less: Comprehensive income, net from discontinued operations attributable to noncontrolling interests	—	—	5
Comprehensive (Loss) Income, Net Attributable to Xerox Holdings	$ (111)	$ 506	$ 1,399

(1) Refer to Note 25 - Other Comprehensive Income (Loss) for gross components of Other Comprehensive Income, reclassification adjustments out of Accumulated Other Comprehensive Loss and related tax effects.

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

Xerox Holdings Corporation
Consolidated Balance Sheets

(in millions, except share data in thousands)	December 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	$ 1,840	$ 2,625
Accounts receivable (net of allowance of $58 and $69, respectively)	818	883
Billed portion of finance receivables (net of allowance of $4 and $4, respectively)	94	99
Finance receivables, net	1,042	1,082
Inventories	696	843
Other current assets	211	251
Total current assets	4,701	5,783
Finance receivables due after one year (net of allowance of $114 and $129, respectively)	1,934	1,984
Equipment on operating leases, net	253	296
Land, buildings and equipment, net	358	407
Intangible assets, net	211	237
Goodwill	3,287	4,071
Deferred tax assets	519	508
Other long-term assets	1,960	1,455
Total Assets	$ 13,223	$ 14,741
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 650	$ 394
Accounts payable	1,069	983
Accrued compensation and benefits costs	239	261
Accrued expenses and other current liabilities	871	840
Total current liabilities	2,829	2,478
Long-term debt	3,596	4,050
Pension and other benefit liabilities	1,373	1,566
Post-retirement medical benefits	277	340
Other long-term liabilities	481	497
Total Liabilities	8,556	8,931
Commitments and Contingencies (See Note 21)		
Noncontrolling Interests (See Note 5)	10	—
Convertible Preferred Stock	214	214
Common stock	168	198
Additional paid-in capital	1,802	2,445
Treasury stock, at cost	(177)	—
Retained earnings	5,631	6,281
Accumulated other comprehensive loss	(2,988)	(3,332)
Xerox Holdings shareholders' equity	4,436	5,592
Noncontrolling interests	7	4
Total Equity	4,443	5,596
Total Liabilities and Equity	$ 13,223	$ 14,741
Shares of common stock issued	168,069	198,386
Treasury stock	(8,675)	—
Shares of Common Stock Outstanding	159,394	198,386

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

Xerox Holdings Corporation
Consolidated Statements of Cash Flows

(in millions)	Year Ended December 31, 2021	2020	2019
Cash Flows from Operating Activities			
Net (loss) income	$ (455)	$ 192	$ 1,361
Income from discontinued operations, net of tax	—	—	(710)
(Loss) income from continuing operations	(455)	192	651
Adjustments required to reconcile Net (loss) income to Cash flows from operating activities			
Depreciation and amortization	327	368	430
Provisions	46	147	73
Deferred tax (benefit) expense	(89)	34	124
Net gain on sales of businesses and assets	(40)	(30)	(21)
Stock-based compensation	54	42	50
Goodwill impairment	781	—	—
Restructuring and asset impairment charges	27	87	127
Payments for restructurings	(72)	(81)	(93)
Defined benefit pension cost	(10)	58	109
Contributions to defined benefit pension plans	(135)	(139)	(141)
Decrease in accounts receivable and billed portion of finance receivables	41	369	10
Decrease (increase) in inventories	88	(134)	109
Increase in equipment on operating leases	(129)	(118)	(153)
Decrease in finance receivables	20	183	101
Decrease (increase) in other current and long-term assets	68	8	(14)
Increase (decrease) in accounts payable	118	(123)	(47)
Decrease in accrued compensation	(95)	(189)	(94)
Increase (decrease) in other current and long-term liabilities	89	(165)	40
Net change in income tax assets and liabilities	10	(2)	(34)
Net change in derivative assets and liabilities	2	1	11
Other operating, net	(17)	40	6
Net cash provided by operating activities of continuing operations	629	548	1,244
Net cash provided by operating activities of discontinued operations	—	—	89
Net cash provided by operating activities	629	548	1,333
Cash Flows from Investing Activities			
Cost of additions to land, buildings, equipment and software	(68)	(74)	(65)
Proceeds from sales of businesses and assets	44	30	21
Acquisitions, net of cash acquired	(53)	(203)	(42)
Other investing, net	(8)	1	1
Net cash used in investing activities of continuing operations	(85)	(246)	(85)
Net cash provided by investing activities of discontinued operations	—	—	2,233
Net cash (used in) provided by investing activities	(85)	(246)	2,148
Cash Flows from Financing Activities			
Proceeds from issuance of long-term debt	311	2,359	10
Payments on long-term debt	(519)	(2,226)	(960)
Dividends	(206)	(230)	(243)
Payments to acquire treasury stock, including fees	(888)	(300)	(600)
Other financing, net	(8)	(19)	(41)
Net cash used in financing activities	(1,310)	(416)	(1,834)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(16)	10	—
(Decrease) increase in cash, cash equivalents and restricted cash	(782)	(104)	1,647
Cash, cash equivalents and restricted cash at beginning of year	2,691	2,795	1,148
Cash, Cash Equivalents and Restricted Cash at End of Year	$ 1,909	$ 2,691	$ 2,795

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

Xerox Holdings Corporation
Consolidated Statements of Shareholders' Equity

(in millions)	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[(1)]	Xerox Holdings Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2018	$ 232	$ 3,321	$ (55)	$ 5,072	$ (3,565)	$ 5,005	$ 34	$ 5,039
Cumulative effect of change in accounting principle	—	—	—	127	(127)	—	—	—
Comprehensive income, net	—	—	—	1,353	46	1,399	8	1,407
Cash dividends declared-common[(2)]	—	—	—	(226)	—	(226)	—	(226)
Cash dividends declared-preferred[(3)]	—	—	—	(14)	—	(14)	—	(14)
Stock option and incentive plans, net	1	22	—	—	—	23	—	23
Payments to acquire treasury stock, including fees	—	—	(600)	—	—	(600)	—	(600)
Cancellation of treasury stock	(18)	(561)	579	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(3)	(3)
Divestiture[(4)]	—	—	—	—	—	—	(32)	(32)
Balance at December 31, 2019	$ 215	$ 2,782	$ (76)	$ 6,312	$ (3,646)	$ 5,587	$ 7	$ 5,594
Comprehensive income, net	—	—	—	192	314	506	—	506
Cash dividends declared-common[(2)]	—	—	—	(209)	—	(209)	—	(209)
Cash dividends declared-preferred[(3)]	—	—	—	(14)	—	(14)	—	(14)
Stock option and incentive plans, net	1	21	—	—	—	22	—	22
Payments to acquire treasury stock, including fees	—	—	(300)	—	—	(300)	—	(300)
Cancellation of treasury stock	(18)	(358)	376	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(3)	(3)
Balance at December 31, 2020	$ 198	$ 2,445	$ —	$ 6,281	$ (3,332)	$ 5,592	$ 4	$ 5,596
Comprehensive (loss) income, net	—	—	—	(455)	344	(111)	—	(111)
Cash dividends declared-common[(2)]	—	—	—	(181)	—	(181)	—	(181)
Cash dividends declared-preferred[(3)]	—	—	—	(14)	—	(14)	—	(14)
Stock option and incentive plans, net	2	35	—	—	—	37	—	37
Payments to acquire treasury stock, including fees	—	—	(888)	—	—	(888)	—	(888)
Cancellation of treasury stock	(32)	(679)	711	—	—	—	—	—
Investment from noncontrolling interests[(5)]	—	1	—	—	—	1	4	5
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Balance at December 31, 2021	$ 168	$ 1,802	$ (177)	$ 5,631	$ (2,988)	$ 4,436	$ 7	$ 4,443

(1) AOCL - Accumulated other comprehensive loss.
(2) Cash dividends declared on common stock for 2021, 2020 and 2019 were $0.25 per share on a quarterly basis and $1.00 per share on an annual basis.
(3) Cash dividends declared on preferred stock for 2021, 2020 and 2019 were $20 per share on a quarterly basis and $80 per share on an annual basis.
(4) Refer to Note 1 - Basis of Presentation and Summary of Significant Accounting Policies and Note 6 - Divestitures for additional information regarding divestitures.
(5) Refer to Note 5 - Acquisitions and Investments for additional information regarding this noncontrolling interests.

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

Xerox Corporation
Consolidated Statements of (Loss) Income

(in millions)	Year Ended December 31, 2021	2020	2019
Revenues			
Sales	$ 2,582	$ 2,449	$ 3,227
Services, maintenance and rentals	4,235	4,347	5,595
Financing	221	226	244
Total Revenues	7,038	7,022	9,066
Costs and Expenses			
Cost of sales	1,862	1,742	2,097
Cost of services, maintenance and rentals	2,662	2,533	3,188
Cost of financing	111	121	131
Research, development and engineering expenses	310	311	373
Selling, administrative and general expenses	1,718	1,851	2,085
Goodwill impairment	781	—	—
Restructuring and related costs, net	38	93	229
Amortization of intangible assets	55	56	45
Transaction and related costs, net	—	18	12
Other expenses, net	(24)	45	84
Total Costs and Expenses	7,513	6,770	8,244
Income before Income Taxes and Equity (Loss) Income	(475)	252	822
Income tax (benefit) expense	(17)	64	179
Equity in net income of unconsolidated affiliates	3	4	8
(Loss) Income from Continuing Operations	(455)	192	651
Income from discontinued operations, net of tax	—	—	710
Net (Loss) Income	(455)	192	1,361
Less: Income from continuing operations attributable to noncontrolling interests	—	—	3
Less: Income from discontinued operations attributable to noncontrolling interests	—	—	5
Net (Loss) Income Attributable to Xerox	$ (455)	$ 192	$ 1,353
Amounts attributable to Xerox:			
(Loss) Income from continuing operations	$ (455)	$ 192	$ 648
Income from discontinued operations	—	—	705
Net (Loss) Income Attributable to Xerox	$ (455)	$ 192	$ 1,353

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

Xerox Corporation
Consolidated Statements of Comprehensive (Loss) Income

(in millions)	Year Ended December 31, 2021	2020	2019
Net (Loss) Income	$ (455)	$ 192	$ 1,361
Less: Income from continuing operations attributable to noncontrolling interests	—	—	3
Less: Income from discontinued operations attributable to noncontrolling interests	—	—	5
Net (Loss) Income Attributable to Xerox	$ (455)	$ 192	$ 1,353
Other Comprehensive (Loss) Income, Net(1)			
Translation adjustments, net	$ (141)	$ 241	$ 62
Unrealized (losses) gains, net	(4)	4	(6)
Changes in defined benefit plans, net	489	69	(10)
Other Comprehensive Income, Net Attributable to Xerox	$ 344	$ 314	$ 46
Comprehensive (Loss) Income, Net	$ (111)	$ 506	$ 1,407
Less: Comprehensive income, net from continuing operations attributable to noncontrolling interests	—	—	3
Less: Comprehensive income, net from discontinued operations attributable to noncontrolling interests	—	—	5
Comprehensive (Loss) Income, Net Attributable to Xerox	$ (111)	$ 506	$ 1,399

(1) Refer to Note 25 - Other Comprehensive Income (Loss) for gross components of Other Comprehensive Income, reclassification adjustments out of Accumulated Other Comprehensive Loss and related tax effects.

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Xerox Corporation
Consolidated Balance Sheets

(in millions)	December 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	$ 1,840	$ 2,625
Accounts receivable (net of allowance of $58 and $69, respectively)	818	883
Billed portion of finance receivables (net of allowance of $4 and $4, respectively)	94	99
Finance receivables, net	1,042	1,082
Inventories	696	843
Other current assets	211	251
Total current assets	4,701	5,783
Finance receivables due after one year (net of allowance of $114 and $129, respectively)	1,934	1,984
Equipment on operating leases, net	253	296
Land, buildings and equipment, net	358	407
Intangible assets, net	211	237
Goodwill	3,287	4,071
Deferred tax assets	519	508
Other long-term assets	1,952	1,455
Total Assets	$ 13,215	$ 14,741
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 650	$ 394
Accounts payable	1,069	983
Accrued compensation and benefits costs	239	261
Accrued expenses and other current liabilities	823	749
Total current liabilities	2,781	2,387
Long-term debt	2,102	2,557
Related party debt	1,494	—
Pension and other benefit liabilities	1,373	1,566
Post-retirement medical benefits	277	340
Other long-term liabilities	481	497
Total Liabilities	8,508	7,347
Commitments and Contingencies (See Note 21)		
Noncontrolling Interests (See Note 5)	10	—
Additional paid-in capital	3,202	4,888
Retained earnings	4,476	5,834
Accumulated other comprehensive loss	(2,988)	(3,332)
Xerox shareholder's equity	4,690	7,390
Noncontrolling interests	7	4
Total Equity	4,697	7,394
Total Liabilities and Equity	$ 13,215	$ 14,741

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

Xerox Corporation
Consolidated Statements of Cash Flows

(in millions)	Year Ended December 31, 2021	2020	2019
Cash Flows from Operating Activities			
Net (loss) income	$ (455)	$ 192	$ 1,361
Income from discontinued operations, net of tax	—	—	(710)
(Loss) income from continuing operations	(455)	192	651
Adjustments required to reconcile Net (loss) income to Cash flows from operating activities			
Depreciation and amortization	327	368	430
Provisions	46	147	73
Deferred tax (benefit) expense	(89)	34	124
Net gain on sales of businesses and assets	(40)	(30)	(21)
Stock-based compensation	54	42	50
Goodwill impairment	781	—	—
Restructuring and asset impairment charges	27	87	127
Payments for restructurings	(72)	(81)	(93)
Defined benefit pension cost	(10)	58	109
Contributions to defined benefit pension plans	(135)	(139)	(141)
Decrease in accounts receivable and billed portion of finance receivables	41	369	10
Decrease (increase) in inventories	88	(134)	109
Increase in equipment on operating leases	(129)	(118)	(153)
Decrease in finance receivables	20	183	101
Decrease (increase) in other current and long-term assets	68	8	(14)
Increase (decrease) in accounts payable	118	(123)	(47)
Decrease in accrued compensation	(95)	(189)	(94)
Increase (decrease) in other current and long-term liabilities	89	(165)	40
Net change in income tax assets and liabilities	10	(2)	(34)
Net change in derivative assets and liabilities	2	1	11
Other operating, net	(17)	40	6
Net cash provided by operating activities of continuing operations	629	548	1,244
Net cash provided by operating activities of discontinued operations	—	—	89
Net cash provided by operating activities	629	548	1,333
Cash Flows from Investing Activities			
Cost of additions to land, buildings, equipment and software	(68)	(74)	(65)
Proceeds from sales of businesses and assets	44	30	21
Acquisitions, net of cash acquired	(53)	(203)	(42)
Other investing, net	—	1	1
Net cash used in investing activities of continuing operations	(77)	(246)	(85)
Net cash provided by investing activities of discontinued operations	—	—	2,233
Net cash (used in) provided by investing activities	(77)	(246)	2,148
Cash Flows from Financing Activities			
Proceeds from issuance of long-term debt	311	852	10
Payments on long-term debt	(519)	(2,213)	(960)
Dividends	—	—	(181)
Payments to acquire treasury stock, including fees	—	—	(300)
Contributions from parent	—	1,494	—
Distributions to parent	(1,120)	(549)	(373)
Other financing, net	10	—	(30)
Net cash used in financing activities	(1,318)	(416)	(1,834)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(16)	10	—
(Decrease) increase in cash, cash equivalents and restricted cash	(782)	(104)	1,647
Cash, cash equivalents and restricted cash at beginning of year	2,691	2,795	1,148
Cash, Cash Equivalents and Restricted Cash at End of Year	$ 1,909	$ 2,691	$ 2,795

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

Xerox Corporation
Consolidated Statements of Shareholder's Equity

(in millions)	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[(1)]	Xerox Shareholder's Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2018	$ 232	$ 3,321	$ (55)	$ 5,072	$ (3,565)	$ 5,005	$ 34	$ 5,039
Cumulative effect of change in accounting principle	—	—	—	127	(127)	—	—	—
Comprehensive income, net	—	—	—	1,353	46	1,399	8	1,407
Cash dividends declared-common	—	—	—	(115)	—	(115)	—	(115)
Cash dividends declared-preferred	—	—	—	(7)	—	(7)	—	(7)
Dividends declared to parent	—	—	—	(183)	—	(183)	—	(183)
Transfers to parent	—	(175)	—	—	—	(175)	—	(175)
Stock option and incentive plans, net	—	18	—	—	—	18	—	18
Payments to acquire treasury stock, including fees	—	—	(300)	—	—	(300)	—	(300)
Cancellation of treasury stock	(11)	(344)	355	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(3)	(3)
Reorganization	(221)	446	—	—	—	225	—	225
Divestiture[(2)]	—	—	—	—	—	—	(32)	(32)
Balance at December 31, 2019	$ —	$ 3,266	$ —	$ 6,247	$ (3,646)	$ 5,867	$ 7	$ 5,874
Comprehensive income, net	—	—	—	192	314	506	—	506
Dividends declared to parent	—	—	—	(605)	—	(605)	—	(605)
Capital contributions from parent[(3)]	—	1,494	—	—	—	1,494	—	1,494
Transfers from parent	—	128	—	—	—	128	—	128
Distributions to noncontrolling interests	—	—	—	—	—	—	(3)	(3)
Balance at December 31, 2020	$ —	$ 4,888	$ —	$ 5,834	$ (3,332)	$ 7,390	$ 4	$ 7,394
Comprehensive (loss) income, net	—	—	—	(455)	344	(111)	—	(111)
Dividends declared to parent	—	—	—	(903)	—	(903)	—	(903)
Intercompany loan capitalization[(4)]	—	(1,494)	—	—	—	(1,494)	—	(1,494)
Transfers to parent	—	(193)	—	—	—	(193)	—	(193)
Investment from noncontrolling interests[(5)]	—	1	—	—	—	1	4	5
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Balance at December 31, 2021	$ —	$ 3,202	$ —	$ 4,476	$ (2,988)	$ 4,690	$ 7	$ 4,697

(1) AOCL - Accumulated other comprehensive loss.
(2) Refer to Note 1 - Basis of Presentation and Summary of Significant Accounting Policies and Note 6 - Divestitures for additional information regarding divestitures.
(3) Primarily represents the contribution by Xerox Holdings Corporation of aggregate net debt proceeds received from its Senior Notes offerings in the third quarter of 2020 to Xerox Corporation. Refer to Note 16 - Debt for additional information regarding the Senior Notes offerings.
(4) Refer to Note 16 - Debt for information regarding capitalization of balance to Intercompany Loan with Xerox Holdings Corporation.
(5) Refer to Note 5 - Acquisitions and Investments for additional information regarding this investment from noncontrolling interests.

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

Xerox Holdings Corporation
Xerox Corporation
Notes to Consolidated Financial Statements
(in millions, except per-share data and where otherwise noted)

Note 1 – Basis of Presentation and Summary of Significant Accounting Policies

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 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 Consolidated Financial Statements for each registrant.

The accompanying Consolidated Financial Statements of both Xerox Holdings and Xerox have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

Description of Business

Currently, Xerox Holdings' primary direct operating subsidiary is Xerox and therefore Xerox represents nearly all of Xerox Holdings' operations. Xerox is a global enterprise for document management solutions. We provide advanced document technology, services, software and genuine Xerox supplies for a range of customers including small and mid-size businesses, large enterprises, governments and graphic communications providers, and for our partners who serve them. We operate in approximately 160 countries worldwide.

Xerox Holdings' other direct subsidiary is Xerox Ventures LLC, which was established in 2021 solely to invest in startups and early/mid-stage growth companies aligned with the Company’s innovation focus areas and targeted adjacencies. Xerox Ventures LLC had investments of approximately $8 at December 31, 2021.

Basis of Consolidation

All significant intercompany accounts and transactions have been eliminated. Investments in business entities in which we do not have control, but we have the ability to exercise significant influence over operating and financial policies (generally 20% to 50% ownership) are accounted for using the equity method of accounting. Operating results of acquired businesses are included in the Consolidated Statements of (Loss) Income from the date of acquisition.

We consolidate variable interest entities if we are deemed to be the primary beneficiary of the entity. Operating results for variable interest entities in which we are determined to be the primary beneficiary are included in the Consolidated Statements of (Loss) Income from the date such determination is made.

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

Transfer of CareAR Holdings LLC to Xerox

In August 2021, in connection with Xerox Holdings Corporation's announcement of the formation of the CareAR software business, the ownership of CareAR Holdings LLC was transferred from Xerox Holdings Corporation to Xerox Corporation. The transfer was accounted for as a transfer of an entity under common control with retrospective adjustment of Xerox's prior period financial statements to reflect the ownership of the business from its acquisition in the fourth quarter 2020. The impact of this retrospective adjustment was not material to Xerox as the acquisition value was $9 and the entity incurred approximately $1 of expenses in 2020.

Discontinued Operations

In November 2019, Xerox Holdings completed a series of transactions to restructure its relationship with FUJIFILM Holdings Corporation (FH), including the sale of its indirect 25% equity interest in Fuji Xerox (now known as FUJIFILM Business Innovation Corp.) as well as the sale of its indirect 51% partnership interest in Xerox

International Partners (XIP) (collectively the Sales). As a result of the Sales of FX and XIP and the related strategic shift in our business, the historical financial results of our equity method investment in FX and our XIP business (which was consolidated) for 2019 are reflected as a discontinued operation and as such, their impact is excluded from continuing operations for 2019. The historical statements of Comprehensive Income and Shareholders' Equity have not been revised to reflect the Sales and instead reflect the Sales as an adjustment to the balances at December 31, 2019. Refer to Note 6 - Divestitures for additional information regarding discontinued operations.

Use of Estimates

The preparation of our Consolidated Financial Statements requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Future events and their effects cannot be predicted with certainty; accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our Consolidated Financial Statements will change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. Our estimates are based on management's best available information including current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates.

In the ordinary course of accounting for the items discussed above, we make changes in estimates as appropriate and as we become aware of new or revised circumstances surrounding those estimates. Such changes and refinements in estimation methodologies are reflected in reported results of operations in the period in which the changes are made and, if material, their effects are disclosed in the Notes to the Consolidated Financial Statements and in Management's Discussion and Analysis of Financial Condition and Results of Operations.

As of December 31, 2021, the impact of the COVID-19 pandemic continues to have varying and divergent impacts across various regions and countries in which we operate and a degree of economic uncertainty still remains. We expect the pandemic's effects will likely continue to impact our financial results into at least the first half of 2022. Accordingly, many of our estimates and assumptions continue to require a greater degree of judgment and may change in the future as events continue to evolve and additional information becomes available.

New Accounting Standards and Accounting Changes

Except for the Accounting Standard Updates (ASUs) discussed below, the new ASUs issued by the FASB during the last two years did not have any significant impact on the Company.

Accounting Standard Updates to be Adopted:

Government Assistance

In November 2021, the FASB issued **ASU 2021-10**, *Government Assistance (Topic 832), Disclosures by Business Entities about Government Assistance.* The update increases the transparency surrounding government assistance by requiring disclosure of 1) the types of assistance received, 2) an entity’s accounting for the assistance, and 3) the effect of the assistance on the entity’s financial statements. We expect to adopt this update effective for our fiscal year beginning January 1, 2022. We are currently evaluating the impact of the adoption of this update on our Consolidated Financial Statements, which will largely depend on the amounts of government assistance expected to be received in the future. However, prior to the COVID pandemic, the amounts of government assistance the Company received were not material and since the update is limited to increased disclosures, we do not expect the adoption to have a material impact on our financial condition, results of operations, and cash flows.

Business Combinations

In October 2021, the FASB issued **ASU 2021-08**, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers.* The new guidance requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, as if the acquirer had originated the contracts. This approach differs from the current requirement to measure contract assets and contract liabilities acquired in a business combination at fair value. This update is effective for our fiscal year beginning January 1, 2023, with early adoption permitted. The impact of adopting the new standard will depend on the magnitude of future acquisitions. The standard will not impact contract assets or liabilities acquired in business combinations that occurred prior to the adoption date.

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 to ASU 2020-04. These ASUs were effective commencing with our quarter ended March 31, 2020 and will continue through December 31, 2022. There has been no impact to date as a result of adopting 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 Recently 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. We adopted this update effective for our fiscal year beginning January 1, 2022. The adoption of this standard did not have a material impact on our Consolidated Financial Statements and related disclosures.

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 a material impact on our results of operations, financial position, cash flows or disclosures.

Leases

In April 2020, the FASB staff issued a question and answer (Q&A) document on the application of lease accounting guidance related to lease concessions provided as a result of the economic disruption caused by the COVID-19 pandemic (Topic 842 Q&A). Topic 842 Q&A provides interpretive guidance allowing companies the option to account for lease concessions related to the COVID-19 pandemic consistent with how those concessions would be accounted for under ASU 2016-02, Leases (Topic 842), discussed below, as though enforceable rights and obligations for those concessions existed at the beginning of the contract (regardless of whether those enforceable rights and obligations for the concessions explicitly exist in the contract). This interpretive guidance was issued in order to reduce the costs and complexities of applying lease modification accounting under Topic 842 to leases impacted by the effects of the COVID-19 pandemic. This election is available for concessions related to the effects of the COVID-19 pandemic that do not result in a substantial increase in the rights of the lessor or the obligations of the lessee. We have elected to apply the interpretive guidance provided in Topic 842 Q&A to rent concessions related to the COVID-19 pandemic provided as a Lessor to our customers and as received as a Lessee.

Through September 30, 2020 we provided rent deferrals as a Lessor that were primarily offered to customers with sales type lease receivables. This special program was discontinued in the fourth quarter of 2020. We elected to account for the deferrals in the timing of lease payments as if there were no changes in the lease contracts. Under this approach, assuming that collectibility of future lease payments is still probable, the classification of the leases was not updated and we retained the balance of the deferral as a receivable and will settle that receivable at the revised payment date or dates. Through September 30, 2020, we approved payment deferrals of up to 3 months for approximately $33 or approximately 1% of our total finance receivable portfolio. Rent abatements to the extent provided were not material and were accounted for as write-offs as part of our normal bad debt reserve assessment.

With respect to rent deferrals and abatements received as a Lessee, we elected to account for the deferrals and abatements as a resolution of a contingency within the lease. Under this approach, we follow the resolution of a contingency model in ASC 842 without reclassifying the lease or updating the discount rate. We remeasure the remaining consideration in the contract, reallocate it to the lease and non-lease components as applicable, and remeasure the lease liability with an adjustment to the right-of-use asset for the same amount. If the total lease payments remain exactly the same, the lease cost remains unchanged. The impact of this election was not material to our financial condition, results of operations or cash flows, as rent concessions provided to Xerox in 2021 or 2020 were not material, individually or in the aggregate.

On January 1, 2019, we adopted **ASU 2016-02**, *Leases (ASC Topic 842).* This update, as well as additional amendments and targeted improvements issued in 2018 and early 2019, supersedes existing lease accounting guidance found under ASC 840, Leases (ASC 840) and requires the recognition of right-to-use assets and lease obligations by lessees for those leases originally classified as operating leases under prior lease guidance. Effective with the adoption, leases are classified as either finance or operating, with such classification affecting the pattern of expense recognition. Short-term leases with a term of 12 months or less are not required to be recognized. The update also requires qualitative and quantitative disclosure of key information regarding the amount, timing and uncertainty of cash flows arising from leasing arrangements in order to increase transparency and comparability among companies. The accounting for lessors does not fundamentally change with this update except for changes to conform and align guidance to the lessee guidance, as well as to the revenue recognition guidance in ASU 2014-09. Some of these conforming changes, such as those related to the definition of lease term and minimum lease payments, resulted in certain lease arrangements that would have been previously accounted for as operating leases, to instead be classified and accounted for as sales-type leases with a corresponding up-front recognition of equipment sales revenue.

Upon adoption, we applied the transition option, whereby prior comparative periods are not retrospectively presented in the Consolidated Financial Statements. We also elected the package of practical expedients not to reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs and the lessee practical expedient to combine lease and non-lease components for certain asset classes (real estate lease arrangements for offices and warehouses). Additionally, we made a policy election to not recognize right-of-use assets and lease liabilities for short-term leases for all asset classes. We elected the package of practical expedients from both the Lessee and Lessor prospective, to the extent applicable.

Lessee accounting - the adoption of this update resulted in an increase to assets and related liabilities of approximately $385 (approximately $440 undiscounted) primarily related to leases of facilities. Refer to Note 11 - Lessee for additional information related to our lessee accounting.

Lessor accounting - the adoption of this update resulted in an increase to equipment sales by approximately $30 in 2019 as compared to 2018. Refer to Note 4 - Lessor for additional information related to our lessor accounting.

Financial Instruments - Credit Losses

On January 1, 2020, we adopted **ASU 2016-13**, *Financial Instruments Credit Losses - Measurement of Credit Losses on Financial Instruments.* This update was issued by the FASB in June 2016, with additional updates and amendments being issued in 2018, 2019 and 2020 and requires measurement and recognition of expected credit losses for financial assets on an expected loss model rather than an incurred loss model. The update impacted financial assets including net investment in leases that are not accounted for at fair value through Net Income. The adoption of ASU 2016-13 primarily impacted the estimation of our Allowance for doubtful accounts for Accounts Receivable and Finance Receivables. The impact recorded on our initial adoption of ASU 2016-13 was not material as our previous methodology for assessing the adequacy of our Allowance for doubtful accounts for Finance Receivables, the larger component of our receivable reserves, incorporated an expected loss model and the methodology for both allowances included an assessment of current economic conditions. However, as previously disclosed, the future impact from this update is highly dependent on future economic conditions. Refer to Note 7 - Accounts Receivable, Net and Note 8 - Finance Receivables, Net for additional discussion regarding the impacts from the adoption of this update during the first quarter 2020.

Intangibles - Internal-Use Software

On January 1, 2020, we adopted **ASU 2018-15**, *Intangibles - Goodwill and Other - Internal Use Software (Subtopic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract.* This update was issued by the FASB in August 2018 and aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The update provides criteria for determining which implementation costs to capitalize as an asset related to the service contract and which costs to expense. The capitalized implementation costs are required to be expensed over the term of the hosting arrangement. The update also clarifies the presentation requirements for reporting such costs in the entity’s financial statements. The adoption of ASU 2018-15 did not have a material impact on our financial condition, results of operations or cash flows as we had previously capitalized these implementation costs and such amounts were not material.

Other Updates

The FASB also issued the following Accounting Standards Updates, which have not had, and are not expected to have, a material impact on our financial condition, results of operations or cash flows upon adoption.

- ***Equity Instruments:*** **ASU 2021-04**, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40) Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options).* This update is effective for our fiscal year beginning January 1, 2022.
- ***Leases:*** **ASU 2021-05**, *Leases - Certain Lease Payments with Variable Lease Payments (ASC 842).* This update is effective for our fiscal year beginning January 1, 2022.
- ***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 was effective for our fiscal year beginning January 1, 2021.
- ***Compensation - Stock Compensation and Revenue from Contracts with Customers:*** **ASU 2019-08**, *(Topic 718) and (Topic 606) Codification Improvements - Share-Based Consideration Payable to a Customer.* This update was effective for our fiscal year beginning January 1, 2020.

Summary of Accounting Policies

Revenue Recognition

We generate revenue through the sale of equipment and supplies and by providing maintenance and printing services. Revenue is measured based on the consideration specified in a contract with a customer and is recognized when we satisfy a performance obligation by transferring control of a product to a customer or in the period the customer benefits from the service. With the exception of our sales-type lease arrangements, our invoices to the customer, which normally have short-term payment terms, are typically aligned to the transfer of goods or as services are rendered to our customers and therefore in most cases we recognize revenue based on our right to invoice customers. As a result of the application of this practical expedient for the substantial portion of our revenue, the disclosure of the value of unsatisfied performance obligations for our services is not required.

Significant judgments primarily include the identification of performance obligations in our Document management services arrangements as well the pattern of delivery for those services.

More specifically, revenue related to our products and services is generally recognized as follows:

Equipment: Revenues from the sale of equipment directly to end-user customers, including those from sales-type leases (see below), are recognized when obligations under the terms of a contract with our customer are satisfied and control has been transferred to the customer. For equipment placements that require us to install the product at the customer location, revenue is normally recognized when the equipment has been delivered and installed at the customer location. Sales of customer installable products are recognized upon shipment or receipt by the customer according to the customer's shipping terms. Revenue from the equipment performance obligation also includes certain analyst training services performed in connection with the installation or delivery of the equipment.

Maintenance services: We provide maintenance agreements on our equipment that include service and supplies for which the customer may pay a base minimum plus a price-per-page charge for usage. In arrangements that include minimums, those minimums are normally set below the customer's estimated page volumes and are not considered substantive. These agreements are sold as part of a bundled lease arrangement or through distributors and resellers. We normally account for these maintenance agreements as a single performance obligation for printing services being delivered in a series with delivery being measured by usage as billed to the customer. Accordingly, revenue on these types of agreements is normally recognized as billed to the customer over the term of the agreements based on page volumes. A substantial portion of our products are sold with full service maintenance agreements, accordingly, other than the product warranty obligations associated with certain of our entry level products, we do not have any significant warranty obligations, including any obligations under customer satisfaction programs.

Document management services: Revenues associated with our document management services are generally recognized as printing services are rendered, which is generally on the basis of the number of images produced. Revenues on unit-price contracts are recognized at the contractual selling prices as work is completed by the customer. We account for these arrangements as a single performance obligation for printing services being delivered in a series with delivery being measured by usage as billed to the customer.

Our services contracts may also include the sale or lease of equipment and software. In these instances, we follow the policies noted for Equipment or Software Revenues and separately report the revenue associated with these performance obligations. Certain document management services arrangements may also include an embedded lease of equipment. In these instances, the revenues associated with the lease are recognized in accordance with the requirements for lease accounting.

Sales to distributors and resellers: We utilize distributors and resellers to sell our equipment, supplies and maintenance services to end-user customers. We refer to our distributor and reseller network as our two-tier distribution model. Revenues on sales to distributors and resellers are generally recognized when products are shipped to such distributors and resellers. However, revenue is only recognized when the distributor or reseller has economic substance apart from the Company such that collectability is probable and we have no further obligations related to bringing about the resale, delivery or installation of the product that would impact transfer of control. Revenues associated with maintenance agreements sold through distributors and resellers to end-user customers are recognized in a consistent manner for maintenance services. Revenue that may be subject to a reversal of revenue due to contractual terms or uncertainties is not recorded as revenue until the contractual provisions lapse or the uncertainties are resolved.

Distributors and resellers participate in various rebate, price-protection, cooperative marketing and other programs. We estimate the variable consideration associated with these programs and record those amounts as a reduction to revenue when sales occur. Similarly, we account for our estimates of sales returns and other allowances when sales occur based on our historical experience.

In certain instances, we may provide lease financing to end-user customers who purchased equipment we sold to distributors or resellers. We are not obligated to provide financing and we compete with other third-party leasing companies with respect to the lease financing provided to these end-user customers.

Software: Most of our equipment has both software and non-software components that function together to deliver the equipment's essential functionality and therefore they are accounted for together as part of Equipment sales revenues. Software accessories sold in connection with our Equipment sales, as well as free-standing software sales, are accounted for as separate performance obligations if determined to be material in relation to the overall arrangement. Revenue from software is not a significant component of our Total revenues.

Supplies: Supplies revenue is recognized upon transfer of control to the customer, generally upon utilization or shipment to the customer in accordance with the sales contract terms.

Financing: Finance income attributable to sales-type leases, direct financing leases and installment loans is recognized on the accrual basis using the effective interest method.

Bundled Lease Arrangements: A portion of our direct sales of equipment to end-user customers are made through bundled lease arrangements which typically include equipment, services (maintenance and managed services) and financing components, where the customer pays a single negotiated fixed minimum monthly payment for all elements over the contractual lease term. These arrangements also typically include an incremental, variable component for page volumes in excess of the contractual page volume minimums, which are often expressed in terms of price-per-image or page. Revenues under these bundled lease arrangements are allocated considering the relative standalone selling prices of the lease and non-lease deliverables included in the bundled arrangement. Lease deliverables include the equipment and financing, while the non-lease deliverables generally consist of the services, which include supplies. Consistent with the guidance in ASC 842 and ASC 606, regarding the allocation of fixed and variable consideration, we only consider the fixed payments for purposes of allocation to the lease elements of the contract. The fixed minimum monthly payments are multiplied by the number of months in the contract term to arrive at the total fixed lease payments that the customer is obligated to make over the lease term. Amounts allocated to the equipment and financing elements are then subjected to the accounting estimates noted below under **Leases** to ensure the values reflect standalone selling prices.

The remainder of any fixed payments, as well as the variable payments, are allocated to non-lease elements because the variable consideration for incremental page volume or usage is considered attributable to the delivery of those elements. The consideration for the non-lease elements is not dependent on the consideration for equipment and vice versa, and the consideration for the equipment and services is priced at the appropriate standalone values; therefore, the relative standalone selling price allocation method is not necessary. The revenue associated with the non-lease elements are normally accounted for as a single performance obligation being delivered in a series, with delivery being measured as the usage billed to the customer. Accordingly, revenue from these agreements is recognized in a manner consistent with the guidance for Maintenance and Services agreements.

Leases: The two primary accounting provisions we use to classify transactions as sales-type or operating leases are: (i) a review of the lease term to determine if it is for the major part of the economic life of the underlying equipment (defined as greater than 75%); and (ii) a review of the present value of the lease payments to determine if they are equal to or greater than substantially all of the fair market value of the equipment at the inception of the lease (defined as greater than 90%). Equipment placements included in arrangements meeting these conditions are accounted for as sales-type leases and revenue is recognized in a manner consistent with Equipment sales. Equipment placements included in arrangements that do not meet these conditions are accounted for as operating leases and revenue is recognized over the term of the lease.

We consider the economic life of most of our products to be five years, since this represents the most frequent contractual lease term for our principal products and only a small percentage of our leases are for original terms longer than five years. There is no significant after-market for our used equipment. We believe five years is representative of the period during which the equipment is expected to be economically usable, with normal service, for the purpose for which it is intended.

We perform an analysis of the stand-alone selling price of equipment based on cash selling prices as well as other methodologies including a margin analysis during the applicable period. With respect to the analysis of cash sales, cash selling prices are compared to the range of values determined for our leases. The range of cash selling prices must be reasonably consistent with the lease selling prices in order for us to determine that such lease prices reflect stand-alone value.

Our lease pricing interest rates, which are used in determining customer payments in a bundled lease arrangement, are developed based upon a variety of factors including local prevailing rates in the marketplace, cost of funds and the customer's credit history, industry and credit class. We reassess our pricing interest rates quarterly based on changes in the local prevailing rates in the marketplace. The pricing interest rates generally equal the implicit rates within the leases, as corroborated by our comparisons of cash to lease selling prices and other analyses as noted above.

Additional Lease Payments: Certain leases may require the customer to pay property taxes and insurance on the equipment. In these instances, the amounts for property taxes and insurance that we invoice to customers and pay to third parties are considered variable payments and are recorded as other revenues and other cost of revenues, respectively. Amounts related to property taxes and insurance are not material. We exclude from variable payments all lessor costs that are explicitly required to be paid directly by a lessee on behalf of the lessor to a third party.

Other Revenue Recognition Policies

Revenue-based Taxes: Revenue-based taxes assessed by governmental authorities that are both imposed on and concurrent with specific revenue-producing transactions, and that are collected by the Company from a customer, are excluded from revenue. The primary revenue-based taxes are sales tax and value-added tax (VAT).

Shipping and Handling: Shipping and handling costs are accounted for as a fulfillment cost and are included in Cost of sales in the Consolidated Statements of (Loss) Income.

Refer to Note 2 - Revenue for additional information regarding revenue recognition policies with respect to contract assets and liabilities as well as contract costs.

Other Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, including money market funds, and investments with original maturities of three months or less.

Allowance for Doubtful Accounts and Credit Losses

The allowance for doubtful accounts and provision for credit losses represents an estimate of the losses expected to be incurred from the Company's trade and finance receivable portfolio. The measurement and recognition of expected credit losses is based on an expected loss model and incorporates an assessment of past collection experience as well as consideration of current and future economic conditions and changes in our customer collection trends.

The allowance of finance receivables is determined on a collective basis by year of origination through the application of 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. These 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 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.

Receivable Sales

We transfer certain portions of our receivable portfolios to third parties and normally account for those transfers as sales based on meeting the criteria for derecognition in accordance with ASC Topic 860 "Transfer and Servicing" of Financial Assets. Gains or losses on the sale of receivables depend, in part, on both (a) the cash proceeds and (b) the net non-cash proceeds received or paid. When we sell receivables, we normally receive beneficial interests in the transferred receivables from the purchasers as part of the proceeds. We may refer to these beneficial interests as a deferred purchase price. The beneficial interests obtained are initially measured at their fair value. We generally estimate fair value based on the present value of expected future cash flows, which are calculated using management's best estimates of the key assumptions including credit losses, prepayment rate and discount rates commensurate with the risks involved. Refer to Note 7 - Accounts Receivable, Net for additional information on our receivable sales.

Inventories

Inventories are carried at the lower of average cost or net realizable value. Inventories also include equipment that is returned at the end of the lease term. Returned equipment is recorded at the lower of remaining net book value or salvage value, which is normally not significant. We regularly review inventory quantities and record a provision for excess and/or obsolete inventory based primarily on our estimated forecast of product demand, production requirements and servicing commitments. Several factors may influence the realizability of our inventories, including our decision to exit a product line, technological changes and new product development. The provision for excess and/or obsolete raw materials and equipment inventories is based primarily on near-term forecasts of product demand and include consideration of new product introductions, as well as changes in remanufacturing strategies. The provision for excess and/or obsolete service parts inventory is based primarily on projected servicing requirements over the life of the related equipment populations. Refer to Note 9 - Inventories and Equipment on Operating Leases, Net for further discussion.

Land, Buildings and Equipment on Operating Leases

Land, buildings and equipment are recorded at cost. Buildings and equipment are depreciated over their estimated useful lives. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life. Equipment on operating leases is depreciated to estimated salvage value over the lease term. Depreciation is computed using the straight-line method. Significant improvements are capitalized and maintenance and repairs are expensed. Refer to Note 9 - Inventories and Equipment on Operating Leases, Net and Note 10 - Land, Buildings, Equipment and Software, Net for further discussion.

Leased Assets

We determine at inception whether an arrangement is a lease. Our leases do not include assets of a specialized nature, or the transfer of ownership at the end of the lease, and the exercise of end-of-lease purchase options, which are primarily in our equipment leases, is not reasonably assured at lease inception. Accordingly, the two primary criteria we use to classify transactions as operating leases or finance leases are: (i) a review of the lease term to determine if it is equal to or greater than 75% of the economic life of the asset, and (ii) a review of the present value of the minimum lease payments to determine if they are equal to or greater than 90% of the fair market value of the asset at the inception of the lease. Right-of-use (ROU) assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. We also assess arrangements for goods or services to determine if the arrangement contains a lease at its inception. This assessment first considers whether there is an implicitly or explicitly identified asset in the arrangement and then whether there is a right to control the use of the asset. If there is an embedded lease within a contract, the Company determines the classification of the lease at the lease inception date consistent with standalone leases of assets.

Operating leases are included in Other long-term assets, Accrued expenses and other current liabilities, and Other long-term liabilities in our Consolidated Balance Sheets. Finance leases are included in Land, buildings and equipment, net, Accrued expenses and other current liabilities, and Other long-term liabilities in our Consolidated Balance Sheets.

Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Since the implicit rate for almost all of our leases is not readily determinable, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate is the rate of interest that we would have to pay to borrow, on a collateralized basis, an amount equal to the lease payments, in a similar economic environment and over a similar term. The rate is dependent on several factors, including the lease term and currency of the lease payments.

Lease terms used to calculate the present value of lease payments generally do not include any options to extend, renew, or terminate the lease, as we do not have reasonable certainty at lease inception that these options will be exercised. We generally consider the economic life of our operating lease ROU assets to be comparable to the useful life of similar owned assets. We have elected the short-term lease exception, therefore operating lease ROU assets and liabilities do not include leases with a lease term of twelve months or less. Our leases generally do not provide a residual guarantee. The operating lease ROU asset also excludes lease incentives.

Lease expense is recognized on a straight-line basis over the lease term. We have lease agreements with lease and non-lease components. These components are accounted for separately for vehicle and equipment leases. We account for the lease and non-lease components as a single lease component for real estate leases of offices and warehouses.

We review the potential impairment of our ROU assets consistent with the approach applied for our other long-lived assets. We review the recoverability of our long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of the asset from the expected undiscounted future pre-tax cash flows of the related operations. We have elected to include the carrying amount of operating lease liabilities in any tested asset group and include the associated operating lease payments in the undiscounted future pre-tax cash flows.

Software - Internal Use and Product

We capitalize direct costs associated with developing, purchasing or otherwise acquiring software for internal use and amortize these costs on a straight-line basis over the expected useful life of the software, beginning when the software is implemented (Internal Use Software). Costs incurred for upgrades and enhancements that will not result in additional functionality are expensed as incurred. Amounts expended for Internal Use Software are included in Cash Flows from Investing activities.

We also capitalize certain costs related to the development of software solutions to be sold to our customers upon reaching technological feasibility (Product Software). These costs are amortized on a straight-line basis over the estimated economic life of the software. Amounts expended for Product Software are included in Cash Flows from Operations. We perform periodic reviews to ensure that unamortized Product Software costs remain recoverable from estimated future operating profits (net realizable value or NRV). Costs to support or service licensed software are charged to Costs of services as incurred. Refer to Note 10 - Land, Buildings, Equipment and Software, Net for further information.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of acquired net assets in a business combination, including the amount assigned to identifiable intangible assets. The primary drivers that generate goodwill are the value of synergies between the acquired entities and the company and the acquired assembled workforce, neither of which qualifies as an identifiable intangible asset. Goodwill is not amortized, but rather is tested for impairment annually, or more frequently whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable and an impairment loss may have been incurred.

We assess goodwill for impairment at least annually, during the fourth quarter based on balances as of October 1st, and more frequently if indicators of impairment exist or if a decision is made to sell or exit a business. Impairment testing for goodwill is done at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (a component) if the component constitutes a business for which discrete financial information is available, and segment management regularly reviews the operating results of that component. Consistent with the determination that we had one operating segment, we determined that there is one reporting unit and tested goodwill for impairment at the entity level.

We perform an assessment of goodwill, utilizing either a qualitative or quantitative impairment test. The qualitative impairment test assesses several factors to determine whether it is more-likely-than-not that the fair value of the entity is less than its carrying amount. If we conclude it is more-likely-than-not that the fair value of the entity is less than its carrying amount, a quantitative fair value test is performed. In certain circumstances, we may also bypass the qualitative test and proceed directly to a quantitative impairment test. In a quantitative impairment test, we assess goodwill by comparing the carrying amount of the entity to its fair value. Fair value of the entity is determined by using a weighted combination of an income approach and a market approach. If the fair value exceeds the carrying value, goodwill is not considered impaired. If the carrying value exceeds the fair value, goodwill is considered impaired and we would recognize an impairment loss for the excess.

The COVID-19 pandemic continued to have a significant effect on the Company's operations impacting revenues, expenses, cash flows and market capitalization in 2021. Although business results improved in the first half of 2021 and the Company was meeting expectations, the emergence of new COVID-19 variants during the year resulted in many of our customers delaying their plans to return employees to workplaces and allowing employees to continue to work remotely and in a hybrid environment. This impact combined with the global supply chain and logistic issues, created in part by the COVID-19 pandemic, had a negative effect on the Company's results particularly in the third and fourth quarter of 2021. As a result of these impacts and projections of these impacts on our future operating results, as well as a sustained market capitalization below book value, we elected to utilize a quantitative model for the assessment of the recoverability of our Goodwill balance for our annual fourth quarter 2021 impairment test. After completing our annual impairment test, we concluded that the fair value of the Company - our single reporting unit - had declined below its carrying value. As a result, we recognized an after-tax non-cash impairment charge of $750 ($781 pre-tax) related to our goodwill for the year ended December 31, 2021.

Other intangible assets primarily consist of assets obtained in connection with business acquisitions, including installed customer base and distribution network relationships, existing technology, trademarks and non-compete agreements. We apply an impairment evaluation whenever events or changes in business circumstances indicate that the carrying value of our intangible assets may not be recoverable. Other intangible assets are amortized on a straight-line basis over their estimated economic lives. We believe that the straight-line method of amortization reflects an appropriate allocation of the cost of the intangible assets to earnings in proportion to the amount of economic benefits obtained annually by the Company. Refer to Note 13 - Goodwill and Intangible Assets, Net for further information.

Impairment of Long-Lived Assets

We review the recoverability of our long-lived assets, including buildings, equipment, right-of-use leased assets, internal use software and other intangible assets, when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of the asset from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. Our primary measure of fair value is based on discounted cash flows. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less costs to sell. Long-lived assets to be disposed of other than by sale (e.g., by abandonment, cease-use) would continue to be classified as held and used until the long-lived asset is disposed of (e.g. abandoned or when asset ceases to be used).

In 2021, we evaluated the recoverability of our Long-Lived Assets and Other Intangible Assets to be held and used by comparing the carrying amount of those assets to the net undiscounted cash flows expected to be generated by the business unit/component using those assets to determine if the carrying value was not recoverable. The recoverability test/income approach indicated that our Long-Lived assets and Other Intangible Assets were not impaired.

Pension and Post-Retirement Benefit Obligations

We sponsor various forms of defined benefit pension plans in several countries covering employees who meet eligibility requirements. Retiree health benefit plans cover a portion of our U.S. and Canadian employees for retiree medical costs. We employ a delayed recognition feature in measuring the costs of pension and post-retirement benefit plans. This requires changes in the benefit obligations and changes in the value of assets set aside to meet those obligations to be recognized not as they occur, but systematically and gradually over subsequent periods. All changes are ultimately recognized as components of net periodic benefit cost, except to the extent they may be offset by subsequent changes. At any point, changes that have been identified and quantified but not recognized as components of net periodic benefit cost are recognized in Accumulated other comprehensive loss, net of tax.

Several statistical and other factors that attempt to anticipate future events are used in calculating the expense, liability and asset values related to our pension and retiree health benefit plans. These factors include assumptions we make about the applicable discount rate, expected return on plan assets, cash balance interest-crediting rate, rate of increase in healthcare costs, the rate of future compensation increases and mortality. Actual returns on plan assets are not immediately recognized in our income statement due to the delayed recognition requirement. In calculating the expected return on the plan asset component of our net periodic pension cost, we apply our estimate of the long-term rate of return on the plan assets that support our pension obligations, after deducting assets that are specifically allocated to Transitional Retirement Accounts (which are accounted for based on specific plan terms).

For purposes of determining the expected return on plan assets, we utilize a market-related value approach in determining the value of the pension plan assets, rather than a fair market value approach. The primary difference between the two methods relates to systematic recognition of changes in fair value over time (generally two years) versus immediate recognition of changes in fair value. Our expected rate of return on plan assets is applied to the market-related asset value to determine the amount of the expected return on plan assets to be used in the determination of the net periodic pension cost. The market-related value approach reduces the volatility in net periodic pension cost that would result from using the fair market value approach.

The discount rate is used to present value our future anticipated benefit obligations. The discount rate reflects the current rate at which benefit liabilities could be effectively settled considering the timing of expected payments for plan participants. In estimating our discount rate, we consider rates of return on high-quality fixed-income investments adjusted to eliminate the effects of call provisions, as well as the expected timing of pension and other benefit payments.

Each year, the difference between the actual return on plan assets and the expected return on plan assets, as well as increases or decreases in the benefit obligation as a result of changes in the discount rate and other actuarial assumptions, are added to or subtracted from any cumulative actuarial gain or loss from prior years. This amount is the net actuarial gain or loss recognized in Accumulated other comprehensive loss. We amortize net actuarial gains and losses as a component of net pension cost for a year if, as of the beginning of the year, that net gain or loss (excluding asset gains or losses that have not been recognized in market-related value) exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets (the corridor method). This determination is made on a plan-by-plan basis. If amortization is required for a particular plan, we amortize the applicable net gain or loss in excess of the 10% threshold on a straight-line basis in net periodic pension cost over the remaining service period of the employees participating in that pension plan. In plans where substantially all participants are inactive, the amortization period for the excess is the average remaining life expectancy of the plan participants.

Our primary domestic plans allow participants the option of settling their vested benefits through the receipt of a lump-sum payment. The participant's vested benefit is considered fully settled upon payment of the lump sum. We have elected to apply settlement accounting and therefore we recognize the losses associated with settlements in this plan immediately upon the settlement of the vested benefits. Settlement accounting requires us to recognize a pro rata portion of the aggregate unamortized net actuarial losses upon settlement. The pro rata factor is computed as the percentage reduction in the projected benefit obligation due to the settlement of the participant's vested benefit. Refer to Note 19 - Employee Benefit Plans for further information regarding our Pension and Post-Retirement Benefit Obligations.

Research, Development and Engineering (RD&E)

Research, development and engineering costs are expensed as incurred. Sustaining engineering costs are incurred with respect to on-going product improvements or environmental compliance after initial product launch. Sustaining engineering costs were $59, $54 and $62 in for the years ended December 31, 2021, 2020 and 2019, respectively.

Government Grants/Assistance

Government grants related to income are recognized as a reduction of related expenses in the Consolidated Statements of (Loss) Income when there is a reasonable assurance that the entity will comply with the conditions attached to the grant and that the grants will be received. The timing and pattern of recognition of government grants is made on a systematic basis over the periods in which the Company recognizes the related expenses or losses that the grants are intended to compensate.

Foreign Currency Translation and Remeasurement

The functional currency for most of our foreign operations is the local currency. Net assets are translated at current rates of exchange and income, expense and cash flow items are translated at average exchange rates for the applicable period. The translation adjustments are recorded in Accumulated other comprehensive loss.

The U.S. Dollar is used as the functional currency for certain foreign subsidiaries that conduct their business in U.S. Dollars as well as foreign subsidiaries operating in highly inflationary economies. For these subsidiaries, non-monetary foreign currency assets and liabilities are translated using historical rates, while monetary assets and liabilities are translated at current rates, with the U.S. dollar effects of rate changes recorded in Currency (gains) and losses within Other expenses, net together with other foreign currency remeasurements.

Note 2 – Revenue

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

	Year Ended December 31,		
	2021	2020	2019
Primary geographical markets(1)			
United States	$ 3,982	$ 4,186	$ 5,429
Europe	2,023	1,883	2,326
Canada	398	393	518
Other	635	560	793
Total Revenues	$ 7,038	$ 7,022	$ 9,066
Major product and services lines			
Equipment	$ 1,581	$ 1,564	$ 2,062
Supplies, paper and other sales	1,001	885	1,165
Maintenance agreements(2)	1,787	1,803	2,372
Service arrangements(3)	1,991	2,014	2,517
Rental and other	457	530	706
Financing	221	226	244
Total Revenues	$ 7,038	$ 7,022	$ 9,066
Sales channels:			
Direct equipment lease(4)	$ 664	$ 573	$ 672
Distributors & resellers(5)	1,130	910	1,343
Customer direct	788	966	1,212
Total Sales	$ 2,582	$ 2,449	$ 3,227

(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 arrangements. Also includes revenues from embedded operating leases in our Managed Services arrangements, 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 $144 and $130 at December 31, 2021 and 2020, respectively. The majority of the balance at December 31, 2021 will 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:

	Year Ended December 31,		
	2021	2020	2019
Incremental direct costs of obtaining a contract	$ 61	$ 62	$ 78
Amortization of incremental direct costs	73	81	88

The balance of deferred incremental direct costs net of accumulated amortization at December 31, 2021 and 2020 was $132 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 also 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. Amounts deferred associated with contract fulfillment costs and inducements were $15 and $13 at December 31, 2021 and 2020, respectively, and related amortization was $6, $4 and $5 for the three years ended December 31, 2021, 2020 and 2019, 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 3 – Segment and Geographic Area Reporting

Segment Discussion

We manage our operations on a geographic basis and are primarily organized from a sales perspective on the basis of "go-to-market" sales channels. These sales channels are structured to serve a range of customers for our products and services. As a result of this structure, we concluded that for 2021 we had one operating and reportable segment - the design, development and sale of document management systems and solutions. Our chief executive officer was identified as the chief operating decision maker (CODM). All of the company's activities are interrelated, and each activity is dependent upon and supportive of the other, including product development, supply chain and back-office support services. In addition, all significant operating decisions made by management and the Board, are largely based upon the analysis of Xerox Holdings and Xerox on a total company basis, including assessments related to our incentive compensation plans.

Geographic Area Data

Geographic area data is based upon the location of the subsidiary reporting the revenue or long-lived assets and is as follows:

	Revenues			Long-Lived Assets [1]	
	Year Ended December 31,			As of December 31,	
	2021	2020	2019	2021	2020
United States	$ 3,982	$ 4,186	$ 5,429	$ 638	$ 692
Europe	2,023	1,883	2,326	258	312
Canada	398	393	518	68	84
Other areas	635	560	793	32	43
Total	$ 7,038	$ 7,022	$ 9,066	$ 996	$ 1,131

(1) Long-lived assets are comprised of (i) Land, buildings and equipment, net, (ii) Equipment on operating leases, net, (iii) Leased right-of-use (ROU) assets, net, (iv) Internal use software, net, and v) Capitalized product software, net.

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:

	Location in Statements of (Loss) Income	Year Ended December 31, 2021	2020	2019
Revenue from sales type leases	Sales	$ 664	$ 573	$ 672
Interest income on lease receivables	Financing	221	226	244
Lease income - operating leases	Services, maintenance and rentals	246	313	396
Variable lease income	Services, maintenance and rentals	62	66	107
Total Lease income		$ 1,193	$ 1,178	$ 1,419

Profit at lease commencement on sales type leases was estimated to be approximately $221, $207 and $276 for the three years ended December 31, 2021, 2020 and 2019, respectively.

Note 5 – Acquisitions and Investments

The following table summarizes the purchase price allocations for our acquisitions as of the acquisition dates:

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Weighted-Average Life	Acquisitions	Weighted-Average Life	Acquisitions
Accounts/finance receivables		$ 5		$ 20
Intangible assets:				
Customer relationships	9 years	27	9 years	69
Trademarks	5 years	3	9 years	9
Technology	3 years	1	3 years	9
Goodwill		25		111
Other assets		4		44
Total Assets acquired		65		262
Liabilities assumed		(12)		(59)
Total Purchase Price		$ 53		$ 203

2021 Acquisitions

In 2021, Xerox continued its 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 as well as companies with an adjacent or sole IT services business. During 2021, we acquired businesses associated with this initiative that totaled $50, net of cash acquired, which included an office equipment dealer in Canada for approximately $31, as well as two acquisitions in the U.S. for approximately $19. 2021 also included smaller acquisitions totaling approximately $3.

All of our 2021 acquisitions resulted in 100% ownership of the acquired companies. The operating results of these acquisitions are not material to our financial statements and are included within our results from the respective acquisition dates. The purchase prices were all cash and were primarily allocated to Intangible assets, net and Goodwill, of which, none is expected to be deductible for tax purposes.

2020 Acquisitions

Business acquisitions in 2020 totaled $194, net of cash acquired, and included three acquisitions in the U.K. for $172 (GBP 133 million) - Arena Group, Altodigital Networks and ITEC Connect, as well as an acquisition in Canada for approximately $22 (CAD 29 million). These acquisitions are expected to expand our presence in the SMB market in both Western Europe and Canada. 2020 also included the acquisition of CareAR for $9.

All of our 2020 acquisitions resulted in 100% ownership of the acquired companies. The operating results of these acquisitions are not material to our financial statements and are included within our results from the respective acquisition dates. The purchase prices were all cash and were primarily allocated to Intangible assets, net and Goodwill, of which, none is expected to be deductible for tax purposes.

2019 Acquisitions

Business acquisitions in 2019 totaled $38 and included Rabbit Office Automation (ROA), a San Francisco Bay area dealer, and Heritage Business Systems, Inc. (HBS), a Delaware Valley dealer. The acquisition of these dealers in 2019 expanded our distribution capabilities of office technology sales, services and supplies to SMB customers in these markets. 2019 acquisitions also include $4 related to an acquisition of assets.

All of our 2019 acquisitions resulted in 100% ownership of the acquired companies. The operating results of the 2019 acquisitions are not material to our financial statements and were included within our results from the respective acquisition dates. The purchase prices for these acquisitions were all cash and were primarily allocated to Intangible assets, net and Goodwill.

Revenue Summary

Our acquisitions contributed aggregate revenues from their respective acquisition dates as follows:

	Year Ended December 31,		
Acquisition Year	2021	2020	2019
2021	$ 19	$ —	$ —
2020	137	99	—
2019	17	21	18
Total Contributed Aggregate Revenue	$ 173	$ 120	$ 18

Joint Venture Formation

In May 2021, Xerox and the Victorian Government (AU) (VicGov) partnered to launch Eloque, a venture to commercialize new technology that will remotely monitor the structural health of critical infrastructure assets, such as road and railway bridges. Under the terms of the agreement, Xerox contributed approximately $5 in cash, along with technology and intellectual property for a controlling interest in the entity, whereas VicGov contributed approximately $5 in cash, along with technology and intellectual property for a noncontrolling interest in the entity. As a result of Xerox's controlling interest in the newly formed entity, beginning with the second quarter 2021, Xerox consolidated the new entity and the VicGov investment was reported as a noncontrolling interest. The revenues and expenses of the new entity post formation did not materially impact the Company's reported results for the year ended December 31, 2021.

ServiceNow Inc. Investment in CareAR

In August 2021, in connection with Xerox Holdings Corporation's formation of the CareAR software business, ServiceNow, Inc. acquired a noncontrolling interest in CareAR Holdings LLC for $10. CareAR Holdings LLC is a direct operating subsidiary of Xerox Corporation and includes Xerox's XMPie, Inc., DocuShare LLC and CareAR, Inc. business units. ServiceNow's investment includes a fair value redemption right, which is contingent on the non-occurrence of a future liquidity event (e.g., sale, public offering, spin-off, etc.) within 6 years of the closing of the investment. As a result of this contingent redemption right, we classified ServiceNow's noncontrolling interest in CareAR Holdings LLC as temporary equity within Xerox's Consolidated Balance Sheet.

Note 6 – Divestitures

Discontinued Operations

Sales of Ownership Interests in Fuji Xerox Co., Ltd. and Xerox International Partners

In November 2019, Xerox Holdings completed a series of transactions to restructure its relationship with FUJIFILM Holdings Corporation (FH), including the sale of its indirect 25% equity interest in Fuji Xerox (now known as FUJIFILM Business Innovation Corp.) for approximately $2.2 billion as well as the sale of its indirect 51% partnership interest in Xerox International Partners (XIP) for approximately $23 (collectively the Sales).

As a result of the Sales and the related strategic shift in our business, the financial results of our equity method investment in Fuji Xerox and our XIP business (which was consolidated) are reflected as a discontinued operation and as such, their impact is excluded from continuing operations for 2019.

The Sales resulted in a pre-tax gain of $629 ($539 after-tax), and included a reclassification from Accumulated other comprehensive loss of $165 (Refer to Note 25 - Other Comprehensive Income (Loss)) as well as approximately $9 of transaction costs and $9 of allocated goodwill associated with our XIP business (Refer to Note 13 - Goodwill and Intangible Assets, Net). The XIP allocated goodwill was based on the relative fair value of our XIP business, as evidenced by the sales price, as compared to the total estimated fair value of Xerox. No Goodwill was allocated for our investment in Fuji Xerox based on consideration of the guidance in ASC 350-20-40-2 and the fact that an equity investment is not considered a business in accordance with ASC 805-10-55, as Fuji Xerox was not controlled by Xerox.

The transactions with FH also included an OEM license agreement by and between Fuji Xerox and Xerox, granting Fuji Xerox the right to use specific Xerox Intellectual Property (IP) in providing certain named original equipment manufacturers (OEM's) with products (such as printer engines) in exchange for a one-time upfront license fee of $77. The license fee is recorded within Rental and other revenues for 2019.

Our Technology Agreement (TA) with 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 two year period and, therefore, in April 2021, made the $100 upfront payment due under the TA, which is included in Operating cash flows for the year ended December 31, 2021.

We are recognizing the revenue associated with this extended brand license ratably over the two year transition period in Service, maintenance and rental revenues. Accordingly, any potential entry by Xerox for Xerographic products into the Fuji Xerox territory under the Xerox brand will 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 purchase/supply agreements. Prior to the sale of our investment in Fuji Xerox, pricing of the transactions under these arrangements were based on terms the Company believed to be negotiated at arm's length. Our purchase commitments with Fuji Xerox are in the normal course of business and typically have a lead time of three months. In addition, we pay Fuji Xerox and they pay us for unique research and development costs.

There were no discontinued operations in 2021 or 2020, nor were there any adjustments to the 2019 Discontinued Operation.

Summarized financial information for our Discontinued Operations is as follows:

	Year Ended December 31, 2019
Revenue	$ 79
Income from operations	$ 176
Gain on disposal	629
Income before income taxes	805
Income tax expense	95
Income from discontinued operations, net of tax	710
Income from discontinued operations attributable to noncontrolling interests, net of tax	5
Income from discontinued operations, attributable to Xerox, net of tax	$ 705

The following is a summary of selected financial information for our Discontinued Operations:

	Year Ended December 31, 2019	
Cost and Expenses:		
Cost of revenues	$	44
Other expenses		6
Total Costs and Expenses	$	50
Selected amounts included in Costs and Expenses:		
Depreciation and amortization	$	—
Restructuring and related costs, net		—
Other:		
Equity in net income of FX	$	147
Net income attributable to noncontrolling interest - XIP		5
Capital expenditures		—

Refer to Note 12 - Investments in Affiliates, at Equity for additional information regarding Fuji Xerox, including summarized financial information of Fuji Xerox.

Note 7 – Accounts Receivable, Net

Accounts receivable, net were as follows:

	December 31,			
	2021		2020	
Invoiced	$	660	$	735
Accrued (1)		216		217
Allowance for doubtful accounts		(58)		(69)
Accounts receivable, net	$	818	$	883

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

The allowance for doubtful accounts was as follows:

Balance at December 31, 2019	$	55
Provision		35
Charge-offs		(22)
Recoveries and other(1)		1
Balance at December 31, 2020	$	69
Provision		8
Charge-offs		(18)
Recoveries and other(1)		(1)
Balance at December 31, 2021	$	58

(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.

The allowance for doubtful accounts as a percentage of gross receivables was 6.6% at December 31, 2021 and 7.2% at December 31, 2020. The allowance for doubtful accounts as a percent of gross accounts receivable remains at an elevated level as compared to historical levels primarily as a result of the macroeconomic and market disruption caused by the COVID-19 pandemic.

Accounts Receivable Sale Arrangements

Accounts receivable sale 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, $102 and $136 remained uncollected as of December 31, 2021 and 2020, respectively.

Accounts receivable sales activity was as follows:

	Year Ended December 31,		
	2021	2020	2019
Accounts receivable sales[(1)]	$ 478	$ 333	$ 393

(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 8 – 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 equipment.

Finance receivables, net were as follows:

	December 31,	
	2021	2020
Gross receivables	$ 3,568	$ 3,691
Unearned income	(380)	(393)
Subtotal	3,188	3,298
Residual values	—	—
Allowance for doubtful accounts	(118)	(133)
Finance Receivables, Net	3,070	3,165
Less: Billed portion of finance receivables, net	94	99
Less: Current portion of finance receivables not billed, net	1,042	1,082
Finance Receivables Due After One Year, Net	$ 1,934	$ 1,984

A summary of our gross finance receivables' future contractual maturities, including those previously billed, is as follows:

	December 31,	
	2021	2020
12 Months	$ 1,357	$ 1,426
24 Months	972	1,006
36 Months	668	697
48 Months	396	395
60 Months	157	152
Thereafter	18	15
Total	$ 3,568	$ 3,691

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 doubtful credit losses as a percentage of gross financial receivables (net of unearned income) was 3.7% at December 31, 2021 and 4.0% at December 31, 2020. In determining the level of reserve required, we critically assessed 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.

Our allowance for doubtful finance receivables is effectively determined by geography. The risk characteristics in our finance receivable portfolio segments are generally 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 bad debt provision of $(1) for the year ended December 31, 2021 included a reserve reduction of approximately $31 reflecting improvements in the macroeconomic environment as well as lower write-offs as a result of the COVID-19 pandemic. This compares to a bad debt provision of $81 for the year ended December 31, 2020, which included a first quarter 2020 charge of approximately $60 to initially record expected losses from the COVID-19 pandemic.

Actual write-offs incurred to date have lagged expectations but we believe estimates of additional losses are in line with current and future economic conditions including the estimated impacts from the on-going COVID-19 pandemic. Despite improvement in the global economy, local economies continue to recover from the impacts of the COVID-19 pandemic including the cessation of government support as well as labor, interest rate and inflation risks and the potential for higher taxes. As a result of these uncertainties, we continue to also consider these various adverse macroeconomic impacts in our models. Accordingly, although our reserves as a percent of receivables have declined from the prior year, they remain elevated as compared to pre-pandemic levels.

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

Allowance for Credit Losses:	United States	Canada[(1)]	Europe[(1)(2)]	Total
Balance at December 31, 2019	$ 59	$ 10	$ 20	$ 89
Provision	41	8	32	81
Charge-offs	(23)	(5)	(14)	(42)
Recoveries and other[(3)]	—	2	3	5
Balance at December 31, 2020	$ 77	$ 15	$ 41	$ 133
Provision	5	(3)	(3)	(1)
Charge-offs	(7)	(3)	(6)	(16)
Recoveries and other[(3)]	2	2	(2)	2
Balance at December 31, 2021	$ 77	$ 11	$ 30	$ 118
Finance Receivables Collectively Evaluated for Impairment:				
December 31, *2020*[(4)]	$ 1,823	$ 297	$ 1,178	$ 3,298
December 31, 2021[(4)]	$ 1,876	$ 251	$ 1,061	$ 3,188

(1) *2019 amounts have been recast to include the Other geographic region, which was previously disclosed as a separate grouping, conforming to the current year's presentation.*

(2) *Includes developing market countries.*

(3) *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.*

(4) *Total Finance receivables exclude the allowance for credit losses of $118 and $133 at December 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-user 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-user 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:

	December 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total Finance Receivables
United States (Direct):							
Low Credit Risk	$ 148	$ 121	$ 98	$ 68	$ 21	$ 3	$ 459
Average Credit Risk	60	40	57	23	8	2	190
High Credit Risk	91	73	31	16	6	1	218
Total	299	234	186	107	35	6	867
United States (Indirect):							
Low Credit Risk	235	145	100	43	11	—	534
Average Credit Risk	201	103	74	35	10	—	423
High Credit Risk	24	15	8	4	1	—	52
Total	460	263	182	82	22	—	1,009
Canada							
Low Credit Risk	32	27	22	13	3	1	98
Average Credit Risk	34	34	27	15	6	1	117
High Credit Risk	8	12	7	5	4	—	36
Total	74	73	56	33	13	2	251
EMEA[(1)]							
Low Credit Risk	229	143	121	71	22	6	592
Average Credit Risk	156	109	84	45	15	3	412
High Credit Risk	18	15	13	8	3	—	57
Total	403	267	218	124	40	9	1,061
Total Finance Receivables							
Low Credit Risk	644	436	341	195	57	10	1,683
Average Credit Risk	451	286	242	118	39	6	1,142
High Credit Risk	141	115	59	33	14	1	363
Total	$ 1,236	$ 837	$ 642	$ 346	$ 110	$ 17	$ 3,188

	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:

	December 31, 2021						
	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Direct	$ 28	$ 7	$ 7	$ 42	$ 825	$ 867	$ 61
Indirect	28	5	4	37	972	1,009	—
Total United States	56	12	11	79	1,797	1,876	61
Canada	6	1	—	7	244	251	9
EMEA [(1)]	9	2	1	12	1,049	1,061	13
Total	$ 71	$ 15	$ 12	$ 98	$ 3,090	$ 3,188	$ 83

	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 September 2021, we sold $331 of U.S. based finance receivables to a consolidated special purpose entity (SPE). At December 31, 2021 the SPE holds $308 of total Finance receivables, net, which are included in our Consolidated Balance Sheet as collateral for the secured loan.

In December 2020, we sold $610 of U.S. based finance receivables to a consolidated SPE. As of December 31, 2021 the SPE holds $380 of total Finance receivables, net, which are included in our Consolidated Balance Sheet as collateral for the secured loan.

Refer to Note 16 - Debt, for additional information related to these arrangements including the related secured loan agreement.

Note 9 – Inventories and Equipment on Operating Leases, Net

The following is a summary of Inventories by major category:

	December 31,	
	2021	2020
Finished goods	$ 568	$ 707
Work-in-process	43	43
Raw materials	85	93
Total Inventories	$ 696	$ 843

The transfer of equipment from our inventories to equipment subject to an operating lease is presented in our Consolidated Statements of Cash Flows in the operating activities section. Equipment on operating leases and similar arrangements consists of our equipment rented to customers and depreciated to estimated salvage value at the end of the lease term.

Equipment on operating leases and the related accumulated depreciation were as follows:

	December 31,	
	2021	2020
Equipment on operating leases	$ 1,266	$ 1,376
Accumulated depreciation	(1,013)	(1,080)
Equipment on operating leases, net	$ 253	$ 296

Depreciable lives generally vary from four to five years consistent with our planned and historical usage of the equipment subject to operating leases. Estimated minimum future revenues associated with Equipment on operating leases are as follows:

	December 31,	
	2021	2020
12 months	$ 202	$ 215
24 months	110	129
36 months	61	74
48 months	32	32
60 months	10	12
Thereafter	2	1
Total	$ 417	$ 463

Total contingent rentals on operating leases, consisting principally of usage charges in excess of minimum contracted amounts, for the years ended December 31, 2021, 2020 and 2019 amounted to $62, $66 and $107, respectively. The decrease in contingent rentals for the year ended December 31, 2020 is primarily the result of lower equipment usage during 2020 as a result of business closures related to the COVID-19 pandemic.

Secured Borrowings and Collateral

In September 2021, we sold the rights to payments under operating leases with an equipment net book value of $9 to a consolidated SPE, which funded the purchase through a secured loan agreement with a financial institution. As of December 31, 2021 the SPE holds $8 of Equipment on operating leases, net, which are included in our Consolidated Balance Sheet as collateral for the secured loan agreement.

Refer to Note 16 - Debt, for additional information related to this arrangement.

Note 10 - Land, Buildings, Equipment and Software, Net

Land, buildings and equipment, net were as follows:

	Estimated Useful Lives (Years)	December 31, 2021	December 31, 2020
Land		$ 9	$ 13
Building and building equipment	25 to 50	777	814
Leasehold improvements	1 to 12	112	124
Plant machinery	5 to 12	1,098	1,149
Office furniture and equipment	3 to 15	475	476
Finance leases[(1)]	1 to 12	13	13
Other[(1)]	4 to 20	44	32
Construction in progress		17	17
Subtotal		2,545	2,638
Accumulated depreciation		(2,187)	(2,231)
Land, buildings and equipment, net		$ 358	$ 407

(1) Prior year amounts have been recast to conform to the current year's presentation to separately report finance lease ROU assets.

Depreciation expense was $76, $87 and $101 for the three years ended December 31, 2021, 2020 and 2019, respectively.

We lease buildings and equipment, substantially all of which are accounted for as operating leases. Finance leased assets were $9 and $10 at December 31, 2021 and 2020, respectively. Refer to Note 11 - Lessee for additional information regarding leased assets.

Internal Use Software

As of December 31, 2021 and 2020, capitalized costs related to internal use software, net of accumulated amortization, were $120 and $118, respectively. Useful lives of our internal use software generally vary from three to seven years.

Note 11 – 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 eleven years and a variety of renewal and/or termination options.

The components of lease expense are as follows:

	Year Ended December 31, 2021	2020	2019
Operating lease expense	$ 104	$ 113	$ 125
Short-term lease expense	20	20	21
Variable lease expense[(1)]	48	47	48
Sublease income	(4)	(2)	(1)
Total Lease expense	$ 168	$ 178	$ 193

(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 December 31, 2021, we had no additional operating leases that had not yet commenced.

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

	December 31,	
	2021	2020
Other long-term assets	$ 264	$ 310
Accrued expenses and other current liabilities	$ 79	$ 83
Other long-term liabilities	204	250
Total Operating lease liabilities	$ 283	$ 333

Supplemental information related to operating leases is as follows:

	Year Ended December 31,		
	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows	$ 109	$ 119	$ 126
Right-of-use assets obtained in exchange for new lease liabilities (1)	41	76	75
Weighted-average remaining lease term	5 years	5 years	4 years
Weighted-average discount rate	4.67 %	5.03 %	5.47 %

(1) Includes the impact of new leases as well as remeasurements and modifications to existing leases.

Maturities and additional information related to operating lease liabilities are as follows:

	December 31,	
	2021	2020
12 months	$ 98	$ 104
24 months	78	88
36 months	45	68
48 months	31	37
60 months	26	25
Thereafter	35	52
Total Lease payments	313	374
Less: Imputed interest	30	41
Total Operating lease liabilities	$ 283	$ 333

Finance Leases

Xerox has finance leases for equipment in the U.S. and Europe and related infrastructure, within outsourced warehouse supply arrangements, in the U.S. These leases have remaining maturities up to nine years with a maximum expiration date through December 2030. As of December 31, 2021 and 2020, the remaining lease obligation for all finance leases is $7 and $9, respectively, based on discount rates of 4.51% and 4.34%, respectively. The ROU asset balances associated with these finance leases at December 31, 2021 and 2020 of $9 and $10, respectively are included in Land, buildings and equipment, net in the Consolidated Balance Sheets.

Note 12 – Investment in Affiliates, at Equity

As disclosed in Note 6 - Divestitures, in November 2019 Xerox Holdings sold its remaining indirect 25% equity interest in Fuji Xerox (now known as FUJIFILM Business Innovation Corp.), which had been previously accounted for as an equity method investment. Accordingly, our remaining Investment in Affiliates, at Equity largely consists of several minor investments in entities in the Middle East region. Investments in corporate joint ventures and other companies in which we generally have a 20% to 50% ownership interest were $45 and $47 at December 31, 2021 and 2020, respectively.

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

	Year Ended December 31,		
	2021	2020	2019
Fuji Xerox[(1)]	$ —	$ —	$ 147
Other	3	4	8
Total Equity in net income of unconsolidated affiliates	$ 3	$ 4	$ 155

(1) Equity in net income for Fuji Xerox is reported in Income from discontinued operations, net of tax for 2019 and is through the date of sale.

Fuji Xerox

We received dividends of $69 from Fuji Xerox for the year ended December 31, 2019, which was reflected as a reduction in our investment upon receipt. No dividends were received from Fuji Xerox in 2021 or 2020 due to the Sale of our equity interest in Fuji Xerox in 2019.

Summarized financial information for Fuji Xerox was as follows:

	Through Date of Sale
Summary of Operations	
Revenues	$ 7,667
Costs and expenses	6,814
Income before income taxes	853
Income tax expense	258
Net Income	595
Less: Net income - noncontrolling interests	3
Net Income - Fuji Xerox	$ 592

Yen/U.S. Dollar exchange rate used to translate was as follows:

Financial Statement	Exchange Basis	2019
Summary of Operations	Weighted average rate	109.03

Note 13 - Goodwill and Intangible Assets, Net

Goodwill

The following table presents the changes in the carrying amount of Goodwill:

	Total
Balance at December 31, 2018	$ 3,858
Foreign currency translation	28
Acquisitions	14
Balance at December 31, 2019	$ 3,900
Foreign currency translation	60
Acquisitions:	
U.K. Acquisitions	98
Canada Acquisition	10
Other	3
Balance at December 31, 2020(1)	$ 4,071
Foreign currency translation	(23)
Acquisitions:	
U.S. Acquisitions	9
Canada Acquisition	16
Goodwill impairment(2)	(781)
Other	(5)
Balance at December 31, 2021	$ 3,287

(1) CareAR Holdings, LLC was transferred from Xerox Holdings to Xerox in 2021. Accordingly, the balance at December 31, 2020 reflects the balance for both Xerox Holdings and Xerox.
(2) Non-cash, pre-tax Goodwill impairment charge of $781 ($750 after-tax).

After completing our annual impairment test in the fourth quarter of 2021, we concluded that the estimated fair value of the Company had declined below its carrying value. As a result, we recognized an after-tax non-cash impairment charge of $750 ($781 pre-tax) related to our Goodwill for the year ended December 31, 2021.

Refer to Note 1 - Basis of Presentation and Summary of Significant Accounting Policies for additional information related to the Goodwill impairment.

Intangible Assets, Net

Intangible assets, net were $211 at December 31, 2021. Intangible assets were comprised of the following:

		December 31, 2021			December 31, 2020		
	Weighted Average Amortization	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount(1)
Customer relationships	10 years	$ 211	$ 95	$ 116	$ 185	$ 74	$ 111
Distribution network	25 years	123	108	15	123	103	20
Trademarks	19 years	237	164	73	235	138	97
Technology and non-compete	3 years	15	8	7	29	20	9
Total Intangible Assets		$ 586	$ 375	$ 211	$ 572	$ 335	$ 237

(1) CareAR Holdings, LLC was transferred from Xerox Holdings to Xerox in 2021. Accordingly, the balances at December 31, 2020 reflect the balances for both Xerox Holdings and Xerox.

Amortization expense related to intangible assets was $55, $56 and $45 for the three years ended December 31, 2021, 2020 and 2019, respectively. Excluding the impact of future acquisitions, amortization expense is expected to approximate $43 in 2022, $40 in 2023, $38 in 2024, $33 in 2025 and $33 in 2026. Distribution network assets are expected to be fully amortized by 2025.

Note 14 – Restructuring Programs

We engage in restructuring actions, including 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 and/or outsourcing of certain operations, services and other functions, as well as reducing our real estate footprint.

Restructuring costs include employee severance and related costs, other contractual termination costs and asset impairments that may result from employee reductions, migration of facilities from higher-cost to lower-cost countries, and the consolidation of facilities within countries. In those geographies where we have either a formal severance plan or a history of consistently providing severance benefits representing a substantive plan (on-going benefit arrangements), we recognize employee severance and related costs when they are both probable and reasonably estimable. In the event employees are required to perform future service beyond their minimum retention period, we record severance charges ratably over the remaining service period of those employees. Severance payments made under a one-time benefit arrangement are recorded upon communication to the affected employees. Contractual termination costs, including facility exit costs, are generally recognized when it has been determined that a liability has been incurred. Restructuring activities may include the disposal or abandonment of assets, including leased right-of-use assets, that require an acceleration of depreciation or an impairment charge reflecting the excess of an asset's book value over fair value or other recoveries.

The recognition of restructuring costs requires that we make certain judgments and estimates regarding the nature, timing and amount of costs associated with planned initiatives. To the extent our actual results differ from our estimates and assumptions, we may be required to revise the estimated liabilities, requiring the recognition of additional restructuring costs or the reduction of liabilities already recognized. At the end of each reporting period, we evaluate the remaining accrued balances to ensure they are properly stated and the utilization of the reserves are for their intended purpose in accordance with developed exit plans.

A summary of our restructuring program activity for the three years ended December 31, 2021, 2020 and 2019 is as follows:

	Severance and Related Costs	Other Contractual Termination Costs(2)	Asset Impairments(3)(4)	Total
Balance at December 31, 2018	$ 94	$ 1	$ —	$ 95
Restructuring provision	81	19	61	161
Reversals of prior charges	(24)	(5)	(5)	(34)
Net Current Period Charges(1)	57	14	56	127
Charges against reserve and currency	(85)	(11)	(56)	(152)
Balance at December 31, 2019	$ 66	$ 4	$ —	$ 70
Restructuring provision	107	3	6	116
Reversals of prior charges	(21)	(2)	(6)	(29)
Net Current Period Charges(1)	86	1	—	87
Charges against reserve and currency	(74)	(1)	—	(75)
Balance at December 31, 2020	$ 78	$ 4	$ —	$ 82
Restructuring provision	30	3	15	48
Reversals of prior charges	(13)	(6)	(2)	(21)
Net Current Period Charges(1)	17	(3)	13	27
Charges against reserve and currency	(70)	1	(13)	(82)
Balance at December 31, 2021	$ 25	$ 2	$ —	$ 27

(1) Represents net amount recognized within the Consolidated Statements of (Loss) Income for the years shown for restructuring and asset impairment charges. Reversals of prior charges primarily includes net changes in estimated reserves from prior period initiatives. Net reversals for 2021 also include a $4 gain on the sale of surplus land.

(2) Primarily includes additional costs incurred upon the exit from our facilities including decommissioning costs and associated contractual termination costs.

(3) Charges associated with asset impairments represent the write-down of the related assets to their new cost basis and are recorded concurrently with the recognition of the provision.

(4) Amounts primarily relate to the exit and abandonment of leased and owned facilities. For the year ended December 31, 2021, 2020 and 2019, the charge includes the accelerated write-off of $3, $4 and $39, respectively, for leased right-of-use assets and $12, $2 and $22, respectively, for owned assets. Impairments are net of any potential sublease income or other recovery amounts.

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

	Year Ended December 31,		
	2021	2020	2019
Charges against reserve and currency	$ (82)	$ (75)	$ (152)
Asset impairments	13	—	56
Effects of foreign currency and other non-cash items	(3)	(6)	3
Restructuring Cash Payments	$ (72)	$ (81)	$ (93)

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

	Year Ended December 31,		
	2021	2020	2019
Retention related severance/bonuses(1)	$ 6	$ 4	$ 39
Contractual severance costs(2)	1	(2)	43
Consulting and other costs(3)	4	4	20
	$ 11	$ 6	$ 102

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(1) Includes retention related severance and bonuses for employees expected to continue working beyond their minimum retention period before termination.

(2) 2019 costs include approximately $38 for estimated severance and other related costs we were contractually required to pay in connection with employees transferred (approximately 2,200) as part of the shared service arrangement entered into with HCL Technologies.

(3) Represents professional support services associated with our business transformation initiatives.

For the years ended December 31, 2021, 2020 and 2019, cash payments for restructuring related costs were approximately $13, $26 and $65, respectively, while the reserve was $18 and $21 at December 31, 2021 and 2020, respectively. The balance at December 31, 2021 is expected to be paid over the next twelve months.

Note 15 - Supplementary Financial Information

The components of Other assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
Other Current Assets		
Income taxes receivable	$ 11	$ 29
Royalties, license fees and software maintenance	23	21
Restricted cash	33	23
Prepaid expenses	30	31
Advances and deposits	32	34
Other	82	113
Total Other Current Assets	$ 211	$ 251
Other Long-term Assets		
Income taxes receivable	$ 8	$ 7
Prepaid pension costs	1,211	617
Internal use software, net	120	118
Restricted cash	36	43
Customer contract costs, net	147	158
Operating lease right-of-use assets	264	310
Deferred compensation plan investments	18	18
Investments in affiliates, at equity(1)	45	47
Investments at cost - Xerox Holdings	8	—
Other	103	137
Total Other Long-term Assets(2)	$ 1,960	$ 1,455
Accrued Expenses and Other Current Liabilities		
Income taxes payable	$ 30	$ 7
Other taxes payable	69	68
Operating lease obligations	79	83
Financing lease obligations	2	2
Interest payable	53	56
Restructuring reserves	26	82
Restructuring related costs	18	21
Product warranties	5	5
Dividends payable(3)	48	59
Distributor and reseller rebates/commissions	112	123
Unearned income and other revenue deferrals	194	140
Administration and overhead	57	52
Other	178	142
Total Accrued Expenses and Other Current Liabilities(4)	$ 871	$ 840
Other Long-term Liabilities		
Deferred taxes	$ 108	$ 35
Income taxes payable	40	57
Operating lease obligations	204	250
Finance lease obligations	5	7
Environmental reserves	9	9
Restructuring reserves	1	2
Other	114	137
Total Other Long-term Liabilities	$ 481	$ 497

(1) Refer to Note 12 - Investments in Affiliates, at Equity for additional information.
(2) Xerox's balance of 1,952 at December 31, 2021 excludes Investments at cost.
(3) Represents dividends payable by Xerox Holdings Corporation on Common and Preferred Stock.
(4) Xerox's balance of $823 at December 31, 2021 excludes Dividends Payable of $48. Xerox's balance of $749 at December 31, 2020 excludes Interest Payable of $32 and Dividends Payable of $59.

Cash, Cash Equivalents and Restricted Cash

Restricted cash primarily relates to escrow cash deposits made in Brazil associated with ongoing litigation as well as cash collections on finance receivables that were pledged for secured borrowings. As more fully discussed in Note 21 - 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 Consolidated Balance Sheets based on when the cash will be contractually or judicially released. Cash, cash equivalents and restricted cash amounts are as follows:

	December 31,	
	2021	2020
Cash and cash equivalents	$ 1,840	$ 2,625
Restricted cash		
Litigation deposits in Brazil	34	42
Escrow and cash collections related to secured borrowing arrangements(1)	32	22
Other restricted cash	3	2
Total Restricted Cash	69	66
Cash, cash equivalents and restricted cash	$ 1,909	$ 2,691

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

Restricted cash is reported in the Consolidated Balance Sheets as follows:

	December 31,	
	2021	2020
Other current assets	$ 33	$ 23
Other long-term assets	36	43
Total Restricted cash	$ 69	$ 66

Pension and Other Benefit Liabilities

	December 31,	
	2021	2020
Pension liabilities(1)	$ 1,285	$ 1,474
Accrued compensation liabilities	66	70
Deferred compensation liabilities(2)	22	22
Pension and other benefit liabilities	$ 1,373	$ 1,566

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(1) Refer to Note 19 - Employee Benefit Plans for additional information regarding pension liabilities.
(2) Includes amounts measured at fair value on a recurring basis at December 31, 2021 and 2020 of $18 and $17, respectively. Refer to Note 18 - Fair Value of Financial Assets and Liabilities for additional information regarding deferred compensation liabilities.

Summarized Cash Flow Information

Summarized cash flow information is as follows:

	Year Ended December 31,		
	2021	2020	2019
Provision for receivables	$ 12	$ 116	$ 49
Provision for inventories	34	31	24
Provision for product warranties	8	8	12
Depreciation of buildings and equipment	76	87	101
Depreciation and obsolescence of equipment on operating leases	155	183	225
Amortization of internal use software	41	42	59
Amortization of acquired intangible assets	55	56	45
Amortization of customer contract costs(1)	79	85	93
Cost of additions to land, buildings and equipment	29	44	41
Cost of additions to internal use software	39	30	24
Common stock dividends - Xerox Holdings	192	216	229
Preferred stock dividends - Xerox Holdings	14	14	14
Payments to noncontrolling interests	1	3	14
Repurchases related to stock-based compensation - Xerox Holdings	18	19	28
Investments from noncontrolling interests	15	—	—

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(1) Amortization of customer contract costs is reported in Decrease (increase) in other current and long-term assets on the Consolidated Statements of Cash Flows. Refer to Note 2 - Revenue - Contract Costs for additional information.

Note 16 – Debt

Short-term borrowings were as follows:

	December 31, 2021	December 31, 2020
Short-term debt and current portion of long-term debt		
Xerox Holdings Corporation	$ —	$ —
Xerox Corporation	300	—
Xerox - Other Subsidiaries[1]	350	394
Total	$ 650	$ 394

(1) Represents subsidiaries of Xerox Corporation.

We classify our debt based on the contractual maturity dates of the underlying debt instruments or as of the earliest put date available to the debt holders. We defer costs associated with debt issuance over the applicable term, or to the first put date in the case of convertible debt or debt with a put feature. These costs are amortized as interest expense in our Consolidated Statements of (Loss) Income.

Long-term debt was as follows:

	Stated Rate	Weighted Average Interest Rates at December 31, 2021[1]	December 31, 2021	December 31, 2020
Xerox Holdings Corporation				
Senior Notes due 2025	5.00 %	4.95 %	$ 750	$ 750
Senior Notes due 2028	5.50 %	5.40 %	750	750
Subtotal - Xerox Holdings Corporation			$ 1,500	$ 1,500
Xerox Corporation				
Senior Notes due 2022	4.07 %	4.07 %	$ 300	$ 300
Senior Notes due 2023[2]	4.38 %	3.68 %	1,000	1,000
Senior Notes due 2024	3.80 %	3.84 %	300	300
Senior Notes due 2035	4.80 %	4.84 %	250	250
Senior Notes due 2039	6.75 %	6.78 %	350	350
Subtotal - Xerox Corporation			$ 2,200	$ 2,200
Xerox - Other Subsidiaries[3]				
Secured Borrowing - July 2020	1.76 %	— %	$ —	$ 267
Secured Borrowing - December 2020	1.74 %	1.74 %	268	500
Secured Borrowing - September 2021	1.40 %	1.40 %	293	—
Subtotal - Xerox - Other Subsidiaries			$ 561	$ 767
Principal debt balance			$ 4,261	$ 4,467
Xerox Holdings Corporation - Debt issuance costs			(11)	(13)
Xerox Corporation - Debt issuance costs			(6)	(11)
Xerox - Other subsidiaries - Debt issuance costs			(1)	(3)
Subtotal - Debt issuance costs			(18)	(27)
Unamortized premium			3	3
Fair value adjustments[4]				
Terminated swaps			—	1
Current swaps			—	—
Less: current maturities			(650)	(394)
Total Long-term Debt			$ 3,596	$ 4,050

(1) Represents the weighted average effective interest rate, which includes the effect of discounts and premiums on issued debt.
(2) As a result of the downgrade of our debt ratings in August 2020, the coupon rate of 4.125% increased by 0.25% to 4.375% effective September 15, 2020.
(3) The rates disclosed for Other Subsidiaries of Xerox Corporation are variable interest rates. Refer to the Secured Borrowings and Collateral section below for additional information.
(4) Fair value adjustments include the following: (i) fair value adjustments to debt associated with terminated interest rate swaps, which are being amortized to interest expense over the remaining term of the related notes; and (ii) changes in fair value of hedged debt obligations attributable to movements in benchmark interest rates. Hedge accounting requires hedged debt instruments to be reported inclusive of any fair value adjustment.

Scheduled principal payments due on our long-term debt for the next five years and thereafter are as follows:

	2022[1]	2023	2024	2025	2026	Thereafter	Total
Xerox Holdings Corporation	$ —	$ —	$ —	$ 750	$ —	$ 750	$ 1,500
Xerox Corporation	300	1,000	300	—	—	600	2,200
Xerox - Other Subsidiaries[2]	351	185	25	—	—	—	561
Total	$ 651	$ 1,185	$ 325	$ 750	$ —	$ 1,350	$ 4,261

(1) Current portion of long-term debt maturities for 2022 are $396, $92, $85 and $78 for the first, second, third and fourth quarters, respectively.
(2) Represents subsidiaries of Xerox Corporation.

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 capitalization of the amount as Related Party Debt for Xerox Corporation. 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 of 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 December 31, 2021, the balance of the Intercompany Loan reported in Xerox Corporation’s Consolidated Balance Sheet was $1,495, which is net of related debt issuance costs, and the intercompany interest payable was $30. Xerox Corporation’s interest expense included interest expense associated with this Intercompany Loan of $80 and $32 for the years ended December 31, 2021 and 2020, respectively.

Credit Facility

We have a $1.8 billion unsecured revolving Credit Facility with a group of lenders, that matures in August 2022. The Credit Facility includes a $250 letter of credit sub-facility.

Proceeds from any borrowings under the Credit Facility can be used to provide working capital for the Company and its subsidiaries and for general corporate purposes. The Credit Facility is available, without sublimit, to certain of our qualifying subsidiaries. Our obligations under the Credit Facility are unsecured and are not currently guaranteed by any of our subsidiaries. Any borrowings under the Credit Facility by Xerox Corporation will be guaranteed by Xerox Holdings Corporation. Any domestic subsidiary that guarantees more than $100 of Xerox Corporation debt must also guaranty Xerox Corporation's obligations under the Credit Facility. In the event that any of our subsidiaries borrows under the Credit Facility, its borrowings thereunder would be guaranteed by us. At December 31, 2021 and 2020, we had no outstanding borrowings or letters of credit under the amended and restated Credit Facility.

On July 31, 2020, Xerox and Xerox Holdings entered into Amendment No. 3 to the Credit Facility, which modified the facility's financial covenants. During a specified covenant modification period, which began on the effective date of July 31, 2020 and ended effective and inclusive of December 31, 2021 (the Covenant Modification Period), Xerox was required to maintain unrestricted cash (as defined in the Amendment) in an amount not less than $1.0 billion. Further, the Amendment modified the financial maintenance leverage covenant in the Credit Agreement by requiring that, during the Covenant Modification Period, Xerox was required to maintain a ratio of net debt for borrowed money to consolidated EBITDA of not greater than 4.25x (with a cap on cash netting of $1.75 billion), in lieu of the 4.25x total debt for borrowed money to consolidated EBITDA ratio requirement applicable prior to the Amendment. The Covenant Modification Period ended effective and inclusive of December 31, 2021. Accordingly, for the quarter ended March 31, 2022, the financial maintenance covenants return to the covenants in effect prior to the July 31, 2020 amendment to the Credit Facility.

Borrowings under the Credit Facility bear interest at our choice, at either (a) a Base Rate as defined in the Credit Facility agreement, plus a spread that varies between 0.000% and 0.700% depending on our credit rating at the time of borrowing, or (b) LIBOR plus an all-in spread that varies between 1.000% and 1.700% depending on our credit rating at the time of borrowing. Based on our credit rating as of December 31, 2021, the applicable all-in spreads for the Base Rate and LIBOR borrowing were 0.375% and 1.375%, respectively. Effective December 31, 2021 the Credit Facility was modified to acknowledge certain LIBOR currencies and tenors would cease to be available as of January 1, 2022, and therefore, the Company agreed to suspend rights to request borrowings under those currencies and tenors for the remainder of the term of the Credit Facility.

An annual facility fee is payable to each lender in the Credit Facility at a rate that varies between 0.125% and 0.300% depending on our credit rating. Based on our credit rating as of December 31, 2021 the applicable rate is 0.25%.

The Credit Facility contains various conditions to borrowing and affirmative, negative and financial maintenance covenants. Certain of the more significant covenants are summarized below:

(a) Minimum Unrestricted Cash during the Covenant Modification Period, at all times, maintain Unrestricted Cash (as defined in the amended and restated Credit Facility) in an amount not less than $1.0 billion. This covenant expired December 31, 2021.

(b) Maximum leverage ratio during the Covenant Modification Period (a quarterly test that is calculated as net debt for borrowed money divided by consolidated EBITDA, both as defined in the amended and restated Credit Facility - with a cap on cash netting of $1.75 billion) of 4.25x. This ratio had temporarily replaced the pre-amendment maximum leverage ratio (a quarterly test that is calculated as debt for borrowed money divided by consolidated EBITDA, both as defined in the amended and restated Credit Facility) of 4.25x, which is effective for the quarter ended March 31, 2022.

(c) Minimum interest coverage ratio (a quarterly test that is calculated as consolidated EBITDA divided by consolidated interest expense, both as defined in the amended and restated Credit Facility) may not be less than 3.00x.

(d) Limitations on (i) liens securing debt, (ii) mergers, consolidations and liquidations, (iii) limitations on debt incurred by certain subsidiaries, (iv) sale of all or substantially all our assets, (v) payment restrictions affecting subsidiaries, (vi) non-arm's length transactions with affiliates, (vii) change in nature of business, (viii) actions that may violate OFAC and anti-corruption laws.

The Credit Facility contains various events of default, the occurrence of which could result in termination of the lenders' commitments to lend and the acceleration of all our obligations under the amended and restated Credit Facility. These events of default include, without limitation: (i) payment defaults, (ii) breaches of covenants under the amended and restated Credit Facility (certain of which breaches do not have any grace period), (iii) cross-defaults and acceleration to certain of our other obligations and (iv) a change of control of Xerox Holdings.

Secured Borrowings and Collateral

In September 2021, we entered into a secured loan agreement with a financial institution where we sold $331 of U.S. based finance receivables and the rights to payments under operating leases with an equipment net book value of $9 to a special purpose entity (SPE). The purchase by the SPE was funded through a $311 amortizing secured loan to the SPE from the financial institution. The secured loan was an amendment of the July 2020 secured borrowing with the same financial institution, which had a remaining balance of $136, and we received the incremental net cash. The transaction was accounted for as an extinguishment of debt and the issuance of new debt and associated collateral. The new loan has a variable interest rate based on LIBOR plus a spread (current rate of 1.40% at December 31, 2021) and an expected life of approximately 2.5 years with half projected to be repaid within the first year based on collections of the underlying portfolio of receivables. In October 2021, we entered into an interest rate hedge agreement to cap LIBOR over the life of the loan.

In December 2020, we entered into a 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 1.74% at December 31, 2021). Refer to Note 27 - Subsequent Events for additional information related to this arrangement.

The sales of the receivables to the SPEs were structured as "true sales at law," and we have received opinions to that effect from outside legal counsel. However, the transactions were accounted for as secured borrowings as we consolidate the SPEs since we have both the power to direct the activities that most significantly impact the SPEs' economic performance through our role as servicer of all the receivables held by the SPEs, and the obligation through variable interests in the SPEs to absorb losses or receive benefits that could potentially be significant to the

SPEs. As a result, the assets of the SPEs are not available to satisfy any of our other obligations. Conversely, the credit holders of these SPEs do not have legal recourse to the Company's general credit.

Below are the assets and liabilities held by the consolidated SPEs, which are included in our Consolidated Balance Sheet:

	December 31, 2021	**December 31, 2020**
Assets held by SPEs		
Billed portion of finance receivables, net	$ 27	**$ 28**
Finance receivables, net	299	**350**
Finance receivables due after one year, net	362	**510**
Equipment on operating leases, net	8	**8**
Restricted cash(1)	32	**22**
Total Assets	$ 728	**$ 918**
Liabilities held by SPEs		
Current portion of long-term debt, net(2)	$ 350	**$ 394**
Long term debt, net	210	**370**
Total Liabilities	$ 560	**$ 764**

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(1) Restricted cash is included in Other current assets in our Consolidated Balance Sheet.
(2) Amounts net of unamortized debt issuance costs of $1.

Interest

Interest paid on our short-term and long-term debt amounted to $203, $181 and $221 for the years ended December 31, 2021, 2020 and 2019, respectively.

Interest expense and interest income was as follows:

	Year Ended December 31,		
	2021	2020	2019
Interest expense(1) (2)	$ 207	$ 215	$ 236
Interest income(3)	225	240	260

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(1) Includes Equipment financing interest as well as non-financing interest expense included in Other expenses, net in the Consolidated Statements of (Loss) Income.
(2) Interest expense of Xerox Corporation included intercompany expense associated with the Xerox Holdings Corporation/Xerox Corporation Intercompany Loan of $80 and $32 for the years ended December 31, 2021 and 2020, respectively.
(3) Includes Finance income, as well as other interest income that is included in Other expenses, net in the Consolidated Statements of (Loss) Income.

Equipment financing interest is determined based on an estimated cost of funds, applied against the estimated level of debt required to support our net finance receivables. The estimated cost of funds is based on the interest cost associated with actual borrowings determined to be in support of the leasing business. The estimated level of debt continues to be based on an assumed 7 to 1 leverage ratio of debt/equity as compared to our average finance receivable balance during the applicable period.

Note 17 – Financial Instruments

We are exposed to market risk from changes in foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. These derivative financial instruments are utilized to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We enter into limited types of derivative contracts, including interest rate swap agreements, 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 do not believe there is significant risk of loss in the event of non-performance by the counterparties associated with our derivative instruments because these transactions are executed with a diversified group of major financial institutions. Further, our policy is to deal only with counterparties having a minimum investment grade or better credit rating. Credit risk is managed through the continuous monitoring of exposures to such counterparties.

Interest Rate Risk Management

We 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 December 31, 2021, there was one interest rate cap contract outstanding.

Fair Value Hedges

In 2020 we terminated our remaining pay variable/receive fixed interest rate swaps with the notional amount of $200 and net asset fair value of $4 prior to termination. In 2019, we terminated an interest rate swap with a notional amount of $100 and an immaterial net asset fair value. In both instances, the swaps had been designated and accounted for as fair value hedges prior to termination. The swaps were structured to hedge the fair value of related debt by converting them from fixed rate instruments to variable rate instruments. Prior to termination no ineffective portion was recorded to earnings for the years ended December 31, 2020 and 2019. The corresponding net fair value adjustment to the hedged debt of ($4) is being recognized in earnings concurrently with the remaining term of the related debt, which may include early extinguishment.

The remaining unamortized debt fair value adjustment associated with all terminated swaps was $0 and $1 at December 31, 2021 and 2020, respectively. In 2021, 2020 and 2019, the amortization of these fair value adjustments reduced interest expense by $1, $2 and $1, respectively, and the loss on early extinguishment of debt in 2020 by $2.

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 December 31, 2021, we had outstanding forward exchange and purchased option contracts with gross notional values of $1,113, with terms of less than 12 months. At December 31, 2021, approximately 84% of these contracts mature within three months, 7% in three to six months and 9% in six to twelve months. The associated exposures being hedged at December 31, 2021 were lower by 4.1%, as compared to December 31, 2020. There has not been any material changes in our hedging strategy during 2021.

The following is a summary of the primary hedging positions and corresponding fair values as of December 31, 2021:

Currencies Hedged (Buy/Sell)	Gross Notional Value	Fair Value Asset[(1)]
Japanese Yen/U.S. Dollar	$ 262	$ (6)
Euro/U.K. Pound Sterling	197	(2)
Japanese Yen/Euro	169	(1)
Euro/U.S. Dollar	145	1
U.S. Dollar/Euro	118	1
U.S. Dollar/Canadian Dollar	50	1
Euro/Danish Krone	34	—
Euro/Canadian Dollar	28	—
U.K. Pound Sterling/Euro	23	—
U.S. Dollar/Russian Ruble	10	—
U.S. Dollar/Brazilian Real	10	—
U.S. Dollar/Israeli Shekel	8	—
Russian Ruble/U.S. Dollar	8	—
All Other	51	(1)
Total Foreign exchange hedging	$ 1,113	$ (7)

(1) Represents the net receivable (payable) amount included in the Consolidated Balance Sheet at December 31, 2021.

Foreign Currency Cash Flow Hedges

We designate a portion of our foreign currency derivative contracts as cash flow hedges of our foreign currency-denominated inventory purchases, sales and expenses. No amount of ineffectiveness was recorded in the Consolidated Statements of (Loss) Income for these designated cash flow hedges and all components of each derivative's gain or loss were included in the assessment of hedge effectiveness. The net (liability) asset fair value of these contracts were $(3) and $2 as of December 31, 2021 and 2020, respectively.

Summary of Derivative Instruments Fair Value

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

		December 31,	
Designation of Derivatives	Balance Sheet Location	2021	2020
Derivatives Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	$ 3	$ 3
	Accrued expenses and other current liabilities	(6)	(2)
Foreign currency options	Other current assets	—	1
Interest rate cap	Other long-term assets	1	—
	Net Designated Derivative (Liability) Asset	$ (2)	$ 2
Derivatives NOT Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	$ 1	$ 3
	Accrued expenses and other current liabilities	(5)	(3)
	Net Undesignated Derivative Liability	$ (4)	$ —
Summary of Derivatives	Total Derivative Assets	$ 5	$ 7
	Total Derivative Liabilities	(11)	(5)
	Net Derivative (Liability) Asset	$ (6)	$ 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 and (losses).

Designated Derivative Instruments Gains (Losses)

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

		Derivative (Loss) Gain Recognized in Income			Hedged Item Gain (Loss) Recognized in Income		
		Year Ended December 31,					
Derivatives in Fair Value Relationships	Location of Gain (Loss) Recognized in Income	2021	2020	2019	2021	2020	2019
Interest rate contracts	Interest expense	$ —	$ (1)	$ 4	$ —	$ 1	$ (4)

	Derivative (Loss) Gain Recognized in OCI (Effective Portion)				(Loss) Gain Reclassified from AOCI to Income (Effective Portion)		
	Year Ended December 31,				Year Ended December 31,		
Derivatives in Cash Flow Hedging Relationships	2021	2020	2019	Location of Derivative (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	2021	2020	2019
Foreign exchange contracts – forwards/options	$ (12)	$ 4	$ 2	Cost of sales	$ (7)	$ (1)	$ 9

For the three years ended December 31, 2021, 2020 and 2019 no amount of ineffectiveness was recorded in the Consolidated Statements of (Loss) Income for these designated cash flow hedges. 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.

At December 31, 2021, a net after-tax loss of $2 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 (losses) on non-designated derivative instruments:

		Year Ended December 31,		
Derivatives NOT Designated as Hedging Instruments	Location of Derivative (Loss) Gain	2021	2020	2019
Foreign exchange contracts – forwards	Other expense – Currency (losses) gains, net	$ (26)	$ 14	$ (6)

For the three years ended December 31, 2021, 2020 and 2019, we recorded Currency losses, net of $7, $3 and $7, 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 18 – Fair Value of Financial Assets and Liabilities

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

	As of December 31,	
	2021	2020
Assets		
Foreign exchange contracts - forwards	$ 4	$ 6
Foreign currency options	—	1
Interest rate cap	1	—
Deferred compensation investments in mutual funds	18	18
Total	$ 23	$ 25
Liabilities		
Foreign exchange contracts - forwards	$ 11	$ 5
Deferred compensation plan liabilities	18	17
Total	$ 29	$ 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:

	December 31, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 1,840	$ 1,840	$ 2,625	$ 2,625
Accounts receivable, net	818	818	883	883
Short-term debt and current portion of long-term debt	650	653	394	396
Long-term debt				
Xerox Holdings Corporation	$ 1,494	$ 1,579	$ 1,493	$ 1,596
Xerox Corporation	1,892	1,987	2,187	2,298
Xerox - Other Subsidiaries[(1)]	210	210	370	372
Total Long-term debt	$ 3,596	$ 3,776	$ 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 19 – Employee Benefit Plans

We sponsor numerous defined benefit and defined contribution pension and other post-retirement benefit plans, primarily retiree health care, in our domestic and international operations. December 31 is the measurement date for all of our post-retirement benefit plans.

Where legally possible, we have amended our major defined benefit pension plans to freeze current benefits and eliminate benefit accruals for future service, including our primary U.S. defined benefit plan for salaried employees, the Canadian Salary Pension Plan and the U.K. Final Salary Pension Plan. In certain Non-U.S. plans, we are required to continue to consider salary increases and inflation in determining the benefit obligation related to prior service. Our pension plan in the Netherlands was changed to a Collective Defined Contribution (CDC) plan. From a Company risk perspective, this plan operates just like a defined contribution plan as the company is only responsible for a contribution for annual benefit accruals under 5-year agreements. Although the Company's risk has been mitigated, under U.S. GAAP this plan doesn’t meet the definition of a defined contribution plan and therefore is accounted for as a defined benefit plan.

Prior to the freeze of current benefits, most of our defined benefit pension plans generally provided employees a benefit, depending on eligibility, calculated under a highest average pay and years of service formula. Our primary domestic defined benefit pension plans provided a benefit at the greater of (i) the highest average pay and years of service formula, (ii) the benefit calculated under a formula that provides for the accumulation of salary and interest credits during an employee's work life or (iii) the individual account balance from the Company's prior defined contribution plan (Transitional Retirement Account or TRA). Pension plan assets consist of both defined benefit plan assets and assets legally restricted to the TRA accounts.

The combined investment results for our primary domestic plans, along with the results for our other defined benefit plans, are shown below in the “actual return on plan assets” caption. To the extent that investment results relate to TRA assets, such results are charged directly to these accounts as a component of interest cost.

	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Retiree Health	
	2021	2020	2021	2020	2021	2020
Change in Benefit Obligation:						
Benefit obligation, January 1	$ 3,747	$ 3,598	$ 7,159	$ 6,492	$ 370	$ 385
Service cost	2	2	20	20	2	2
Interest cost	80	196	88	113	8	12
Plan participants' contributions	—	—	3	3	8	10
Actuarial (gain) loss	(86)	240	(233)	439	(1)	4
Currency exchange rate changes	—	—	(193)	374	—	3
Plan Amendments/Curtailments	—	—	(4)	2	(50)	(11)
Benefits paid/settlements	(371)	(289)	(297)	(284)	(34)	(35)
Other	—	—	—	—	—	—
Benefit Obligation, December 31	$ 3,372	$ 3,747	$ 6,543	$ 7,159	$ 303	$ 370
Change in Plan Assets:						
Fair value of plan assets, January 1	$ 2,802	$ 2,493	$ 7,199	$ 6,385	$ —	$ —
Actual return on plan assets	89	563	415	637	—	—
Employer contributions	24	35	111	104	25	25
Plan participants' contributions	—	—	3	3	8	10
Currency exchange rate changes	—	—	(178)	354	—	—
Benefits paid/settlements	(371)	(289)	(297)	(284)	(33)	(35)
Other	—	—	(1)	—	—	—
Fair Value of Plan Assets, December 31	$ 2,544	$ 2,802	$ 7,252	$ 7,199	$ —	$ —
Net Funded Status at December 31[(1)]	$ (828)	$ (945)	$ 709	$ 40	$ (303)	$ (370)
Amounts Recognized in the Consolidated Balance Sheets:						
Other long-term assets	$ —	$ —	$ 1,211	$ 617	$ —	$ —
Accrued compensation and benefit costs	(24)	(24)	(21)	(24)	(26)	(30)
Pension and other benefit liabilities	(804)	(921)	(481)	(553)	—	—
Post-retirement medical benefits	—	—	—	—	(277)	(340)
Net Amounts Recognized	$ (828)	$ (945)	$ 709	$ 40	$ (303)	$ (370)
Accumulated Benefit Obligation	$ 3,372	$ 3,747	$ 6,412	$ 7,018		

(1) Includes under-funded and unfunded plans.

Benefit plans pre-tax amounts recognized in AOCL at December 31st:

	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Retiree Health	
	2021	2020	2021	2020	2021	2020
Net actuarial loss (gain)	$ 745	$ 874	$ 939	$ 1,471	$ (25)	$ (23)
Prior service (credit) cost	—	(1)	29	27	(83)	(99)
Total Pre-tax loss (gain)	$ 745	$ 873	$ 968	$ 1,498	$ (108)	$ (122)

Aggregate information for pension plans with an Accumulated benefit obligation in excess of plan assets is presented below. Information for Retiree Health plans with an accumulated post-retirement benefit obligation in excess of plan assets has been disclosed in the preceding table on Benefit obligations and Net funded status as all Retiree Health plans are unfunded.

	December 31, 2021		December 31, 2020	
	Accumulated Benefit Obligation	Fair Value of Plan Assets	Accumulated Benefit Obligation	Fair Value of Plan Assets
Underfunded Plans:				
U.S.	$ 3,056	$ 2,544	$ 3,408	$ 2,802
Non U.S.	181	144	921	873
Unfunded Plans:				
U.S.	$ 316	$ —	$ 339	$ —
Non U.S.	440	—	502	—
Total Underfunded and Unfunded Plans:				
U.S.	$ 3,372	$ 2,544	$ 3,747	$ 2,802
Non U.S.	621	144	1,423	873
Total	$ 3,993	$ 2,688	$ 5,170	$ 3,675

Aggregate information for pension plans with a benefit obligation in excess of plan assets is presented below:

	December 31, 2021		December 31, 2020	
	Benefit Obligation	Fair Value of Plan Assets	Benefit Obligation	Fair Value of Plan Assets
Underfunded Plans:				
U.S.	$ 3,056	$ 2,544	$ 3,408	$ 2,802
Non U.S.	810	751	942	873
Unfunded Plans:				
U.S.	$ 316	$ —	$ 339	$ —
Non U.S.	447	—	512	—
Total Underfunded and Unfunded Plans:				
U.S.	$ 3,372	$ 2,544	$ 3,747	$ 2,802
Non U.S.	1,257	751	1,454	873
Total	$ 4,629	$ 3,295	$ 5,201	$ 3,675

Pension plan assets and benefit obligations by country were as follows:

	December 31, 2021			December 31, 2020		
	Fair Value of Pension Plan Assets	Pension Benefit Obligations	Net Funded Status	Fair Value of Pension Plan Assets	Pension Benefit Obligations	Net Funded Status
U.S. funded	$ 2,544	$ 3,056	$ (512)	$ 2,802	$ 3,408	$ (606)
U.S. unfunded	—	316	(316)	—	339	(339)
Total U.S.	2,544	3,372	(828)	2,802	3,747	(945)
U.K.	4,914	3,870	1,044	4,707	4,218	489
Netherlands	1,174	1,145	29	1,266	1,226	40
Canada	746	747	(1)	794	797	(3)
Germany	—	346	(346)	—	395	(395)
Other	418	435	(17)	432	523	(91)
Total	$ 9,796	$ 9,915	$ (119)	$ 10,001	$ 10,906	$ (905)

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

	Year Ended December 31,								
	Pension Benefits						Retiree Health		
	U.S. Plans			Non-U.S. Plans					
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Components of Net Periodic Benefit Costs:									
Service cost	$ 2	$ 2	$ 2	$ 20	$ 20	$ 22	$ 2	$ 2	$ 2
Interest cost[1]	80	196	218	88	113	153	8	12	15
Expected return on plan assets[2]	(117)	(217)	(210)	(208)	(191)	(233)	—	—	—
Recognized net actuarial loss (gain)	17	27	24	59	58	43	1	(1)	(5)
Amortization of prior service credit	(1)	(2)	(2)	(1)	(1)	(2)	(66)	(76)	(77)
Recognized settlement loss	54	53	93	1	1	1	—	—	—
Recognized curtailment gain	—	—	—	(4)	(1)	—	—	—	—
Defined Benefit Plans	35	59	125	(45)	(1)	(16)	(55)	(63)	(65)
Defined contribution plans	—	1	26	18	18	23	n/a	n/a	n/a
Net Periodic Benefit Cost (Credit)	35	60	151	(27)	17	7	(55)	(63)	(65)
Other changes in plan assets and benefit obligations recognized in Other Comprehensive Income (Loss):									
Net actuarial (gain) loss	(57)	(105)	243	(425)	(9)	24	(1)	4	8
Prior service (credit) cost	—	—	—	(4)	4	—	(50)	(11)	—
Amortization of net actuarial (loss) gain	(71)	(80)	(117)	(60)	(59)	(44)	(1)	1	5
Amortization of net prior service credit	1	2	2	1	1	2	66	76	77
Curtailment gain	—	—	—	4	1	—	—	—	—
Total Recognized in Other Comprehensive Income (Loss)[3]	(127)	(183)	128	(484)	(62)	(18)	14	70	90
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income (Loss)	$ (92)	$ (123)	$ 279	$ (511)	$ (45)	$ (11)	$ (41)	$ 7	$ 25

(1) *Interest cost for Pension Benefits includes interest expense on non-TRA obligations of $150, $184 and $243 and interest expense (income) directly allocated to TRA participant accounts of $18, $125 and $128 for the years ended December 31, 2021, 2020 and 2019, respectively.*

(2) *Expected return on plan assets includes expected investment income on non-TRA assets of $307, $283 and $315 and actual investment income (loss) on TRA assets of $18, $125 and $128 for the years ended December 31, 2021, 2020 and 2019, respectively.*

(3) *Amounts represent the pre-tax effect included in Other comprehensive income. Refer to Note 25 - Other Comprehensive Income (Loss) for the related tax effects and the net of tax amounts.*

Plan Amendments

Pension:

In October 2018, the High Court of Justice in the United Kingdom (the High Court) ruled that Lloyds Bank PLC was required to equalize benefits payable to men and women under its U.K. defined benefit pension plans by amending those plans to increase the pension benefits payable to participants that accrued such benefits during the period from 1990 to 1997. The inequalities arose from statutory differences in the retirement ages and rates of accrual of benefits for men and women related to Guaranteed Minimum Pension (GMP) benefits that are included in U.K. defined benefit pension plans.

Based on the above ruling, we estimated the cost of equalization under the minimum cost approach permitted by the High Court's ruling to be approximately 1.2% of our U.K. defined benefit plan obligation at December 31, 2018 or approximately GBP 33 million (approximately USD $42). This increase in the benefit obligation was recorded as a plan amendment in 2018. In November 2020, the High Court made another ruling in this matter related to benefit transfers out of the plan prior to the date of the 2018 ruling, which increased our estimated cost of equalization by a further GBP 3 million (approximately USD $4). Consistent with our approach to the estimate in 2018, the increase in the benefit obligation was recorded as a plan amendment in 2020 and together with the 2018 adjustment will be amortized to future net periodic benefit costs as a prior service cost (total approximately USD $2 per year covering both adjustments).

At December 31, 2021, the aggregate cost for this matter is estimated to be approximately 0.8% of the U.K. defined benefit plan obligation before equalization or approximately GBP 23 million (approximately USD $31) a reduction of approximately GBP 13 million (approximately USD $18) from prior estimates, which was accounted for as an actuarial gain. This latest estimate reflects a more recent analysis completed by the Plan Actuary. However, several significant uncertainties remain and therefore our estimate is subject to future change and adjustment. In particular, the cost is very sensitive to i) the method of GMP equalization; ii) actuarial assumptions and market conditions; iii) the benefit structure of our plan and operational practices; and iv) the demographic profile of our plan. In addition, we are continuing to evaluate the acceptable methodologies that the High Court has determined, and we still need to agree upon the appropriate methodology with our plan trustees.

Retiree Health Plans:

In December 2021, we amended our U.S. Retiree Health Plan to reduce certain benefits for existing union retirees through the reduction or elimination of coverage or cost-sharing subsidies for retiree health care and life insurance costs. This negative plan amendment resulted in a reduction of $50 in the postretirement benefit obligation. The amount for the plan amendment will be amortized to future net periodic benefit costs as a prior service credit beginning in 2022.

In October 2020, we reduced the level of Company cost sharing for retiree health care benefits provided to certain existing non-union retirees. This change to our U.S. Retiree Health Plan was effective January 1, 2021. The change in cost sharing is considered a negative plan amendment resulting in a reduction in the postretirement benefit obligation of $11. The amount for the plan amendment will be amortized to future net periodic benefit costs as a prior service credit.

Plan Assets

Current Allocation

As of the 2021 and 2020 measurement dates, the global pension plan assets were $9,796 and $10,001, respectively. These assets were invested among several asset classes.

The following tables present the defined benefit plans assets measured at fair value and the basis for that measurement.

	December 31, 2021									
	U.S. Plans					Non-U.S. Plans				
Asset Class	Level 1	Level 2	Level 3	Assets measured at NAV(1)	Total	Level 1	Level 2	Level 3	Assets measured at NAV(1)	Total
Cash and cash equivalents	$ 3	$ —	$ —	$ —	$ 3	$ 477	$ —	$ —	$ —	$ 477
Equity Securities:										
U.S.	148	—	—	—	148	35	36	—	—	71
International	161	—	—	230	391	699	339	—	37	1,075
Fixed Income Securities:										
U.S. treasury securities	—	214	—	—	214	—	61	—	—	61
Debt security issued by government agency	—	119	—	—	119	—	2,181	—	—	2,181
Corporate bonds	—	1,134	—	—	1,134	—	985	—	—	985
Derivatives	—	5	—	—	5	—	300	—	—	300
Real estate	—	—	51	10	61	—	—	164	112	276
Private equity/venture capital	—	—	—	239	239	—	—	4	1,684	1,688
Guaranteed insurance contracts	—	—	—	—	—	—	—	75	—	75
Other(2)(3)	95	—	—	135	230	22	41	—	—	63
Total Fair Value of Plan Assets	$ 407	$ 1,472	$ 51	$ 614	$ 2,544	$ 1,233	$ 3,943	$ 243	$ 1,833	$ 7,252

(1) Certain assets that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

(2) Other NAV includes mutual funds of $75 (measured at NAV) which are invested approximately 75% in fixed income securities and approximately 25% in equity securities.

(3) Other Level 1 includes mutual funds of $93, which are invested in equity securities, and net non-financial assets of $2 U.S. and $22 Non-U.S., respectively, such as due to/from broker, interest receivables and accrued expenses.

Asset Class	December 31, 2020 U.S. Plans Level 1	Level 2	Level 3	Assets measured at NAV(1)	Total	Non-U.S. Plans Level 1	Level 2	Level 3	Assets measured at NAV(1)	Total
Cash and cash equivalents	$ 17	$ —	$ —	$ —	$ 17	$ 401	$ —	$ —	$ —	$ 401
Equity Securities:										
U.S.	224	—	—	39	263	178	56	—	—	234
International	243	—	—	204	447	559	321	—	151	1,031
Fixed Income Securities:										
U.S. treasury securities	—	325	—	—	325	—	77	—	—	77
Debt security issued by government agency	—	78	—	—	78	—	2,026	—	—	2,026
Corporate bonds	—	1,252	—	—	1,252	—	921	—	—	921
Derivatives	—	11	—	—	11	—	488	—	—	488
Real estate	—	—	31	10	41	—	—	208	108	316
Private equity/venture capital	—	—	—	209	209	—	—	3	1,557	1,560
Guaranteed insurance contracts	—	—	—	—	—	—	—	86	—	86
Other(2)(3)	7	—	—	152	159	21	38	—	—	59
Total Fair Value of Plan Assets	$ 491	$ 1,666	$ 31	$ 614	$ 2,802	$ 1,159	$ 3,927	$ 297	$ 1,816	$ 7,199

(1) Certain assets that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

(2) Other NAV includes mutual funds of $73 (measured at NAV) which are invested approximately 70% in fixed income securities and approximately 30% in equity securities.

(3) Other Level 1 includes net non-financial (liabilities) assets of $7 U.S. and $21 Non-U.S., respectively, such as due to/from broker, interest receivables and accrued expenses.

The following tables represents a roll-forward of the defined benefit plans assets measured at fair value using significant unobservable inputs (Level 3 assets):

	U.S. Real Estate	Non-U.S. Real Estate	Private Equity/ Venture Capital	Guaranteed Insurance Contracts	Total
Balance at December 31, 2019	$ 5	$ 219	$ 5	$ 90	$ 314
Purchases	27	—	3	—	3
Sales	—	(15)	—	(4)	(19)
Unrealized losses	(1)	(8)	(4)	(8)	(20)
Currency translation	—	12	(1)	8	19
Balance at December 31, 2020	$ 31	$ 208	$ 3	$ 86	$ 297
Purchases	15	10	—	—	10
Sales	—	(33)	—	(5)	(38)
Unrealized gains (losses)	5	(12)	1	1	(10)
Currency translation	—	(9)	—	(7)	(16)
Balance at December 31, 2021	$ 51	$ 164	$ 4	$ 75	$ 243

Level 3 Valuation Method

Our primary Level 3 assets are Real Estate and Private Equity/Venture Capital investments. The fair value of our real estate investment funds is based on the Net Asset Value (NAV) of our ownership interest in the funds. NAV information is received from the investment advisers and is primarily derived from third-party real estate appraisals for the properties owned. The fair value for our private equity/venture capital partnership investments are based on our share of the estimated fair values of the underlying investments held by these partnerships as reported (or expected to be reported) in their audited financial statements. The valuation techniques and inputs for our Level 3 assets have been consistently applied for all periods presented.

Investment Strategy

The target asset allocations for our worldwide defined benefit pension plans were:

	2021		2020	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Equity investments(1)	24%	15%	23%	15%
Fixed income investments	60%	44%	61%	44%
Real estate	6%	4%	6%	4%
Private equity/venture capital	8%	24%	8%	22%
Other	2%	13%	2%	15%
Total Investment Strategy	100%	100%	100%	100%

(1) Target allows for an additional allocation to synthetic equity which is offset by cash.

We employ a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by exceeding the interest growth in long-term plan liabilities. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. This consideration involves the use of long-term measures that address both return and risk. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value and small and large capitalizations. Other assets such as real estate, private equity, and hedge funds are used to improve portfolio diversification. Derivatives may be used to hedge market exposure in an efficient, timely and cost-effective manner; however, derivatives may not be used to speculate or leverage the portfolio beyond the market value of the underlying investments. Investment risks and returns are measured and monitored on an ongoing basis through annual liability measurements and quarterly investment portfolio reviews.

Expected Long-term Rate of Return

We employ a "building block" approach in determining the long-term rate of return for plan assets. Historical markets are studied and long-term relationships between equities and fixed income are assessed. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. The long-term portfolio return is established giving consideration to investment diversification and rebalancing. Peer data and historical returns are reviewed periodically to assess reasonableness and appropriateness.

Contributions

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

	Year Ended December 31,	
	2021	Estimated 2022
U.S. Plans	$ 24	$ 25
Non-U.S. Plans	111	110
Total	$ 135	$ 135
Retiree Health	$ 25	$ 25

The 2021 U.S. Defined benefit plans contributions did not include any contributions for our domestic tax-qualified defined benefit plans because none were required to meet the minimum funding requirements. There are no contributions required in 2022 for our U.S. tax-qualified defined benefit plans to meet the minimum funding requirements.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the following years:

	Pension Benefits			
	U.S.	Non-U.S.	Total	Retiree Health
2022	$ 349	$ 284	$ 633	$ 25
2023	301	291	592	25
2024	287	301	588	24
2025	276	304	580	22
2026	263	313	576	21
Years 2027-2031	1,095	1,681	2,776	87

Assumptions

Weighted-average assumptions used to determine benefit obligations at the plan measurement dates:

	Pension Benefits					
	2021		2020		2019	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	2.7 %	1.8 %	2.2 %	1.3 %	3.1 %	1.8 %
Rate of compensation increase	0.1 %	2.8 %	0.1 %	2.6 %	0.2 %	2.6 %
Interest crediting rate	2.8 %	1.5 %	2.8 %	1.5 %	2.8 %	1.5 %

	Retiree Health		
	2021	2020	2019
Discount rate	2.7 %	2.2 %	3.0 %

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:

	Pension Benefits							
	2022		2021		2020		2019	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	2.7 %	1.8 %	2.2 %	1.3 %	3.1 %	1.8 %	4.2 %	2.6 %
Expected return on plan assets	5.9 %	3.2 %	5.9 %	3.1 %	6.0 %	3.3 %	6.0 %	4.0 %
Rate of compensation increase	0.1 %	2.8 %	0.1 %	2.6 %	0.2 %	2.6 %	0.2 %	2.6 %
Interest crediting rate	2.5 %	1.5 %	2.8 %	1.5 %	2.8 %	1.5 %	2.8 %	1.5 %

	Retiree Health			
	2022	2021	2020	2019
Discount rate	2.7 %	2.2 %	3.0 %	4.1 %

Note: Expected return on plan assets is not applicable to retiree health benefits as these plans are not funded. Rate of compensation increase is not applicable to retiree health benefits as compensation levels do not impact earned benefits.

Assumed health care cost trend rates were as follows:

	December 31,	
	2021	2020
Health care cost trend rate assumed for next year	5.3 %	5.7 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.3 %	4.3 %
Year that the rate reaches the ultimate trend rate	2026	2025

Defined Contribution Plans

We have post-retirement savings and investment plans in several countries, including the U.S., the U.K. and Canada. In many instances, employees who participated in the defined benefit pension plans that have been amended to freeze future service accruals were transitioned to an enhanced defined contribution plan. In these plans, employees are allowed to contribute a portion of their salaries and bonuses to the plans, and we match a portion of the employee contributions. We recorded charges related to our defined contribution plans of $18 in 2021, $19 in 2020 and $49 in 2019.

During 2021, the Company suspended, and did not make, its full year 2021 employer matching contribution for its U.S. based 401(k) plan for salaried (non-union) employees. The suspension resulted in savings of $20 for the year ended December 31, 2021.

Note 20 - Income and Other Taxes

(Loss) income before income taxes and equity income (pre-tax (loss) income) from continuing operations was as follows:

	Year Ended December 31,		
	2021	2020	2019
Domestic (loss) income	$ (343)	$ 353	$ 679
Foreign (loss) income	(132)	(101)	143
(Loss) Income before Income Taxes and Equity Income	$ (475)	$ 252	$ 822

The components of Income tax (benefit) expense from continuing operations were as follows:

	Year Ended December 31,		
	2021	2020	2019
Federal Income Taxes			
Current	$ 33	$ 3	$ (3)
Deferred	(61)	58	98
Foreign Income Taxes			
Current	29	19	43
Deferred	(20)	(34)	5
State Income Taxes			
Current	10	8	15
Deferred	(8)	10	21
Income Tax (Benefit) Expense	$ (17)	$ 64	$ 179

A reconciliation of the U.S. federal statutory income tax rate to the consolidated effective income tax rate was as follows:

	Year Ended December 31,		
	2021	2020	2019
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
Nondeductible expenses	(1.9)%	4.1 %	1.3 %
Effect of tax law changes	3.1 %	(10.5)%	(4.6)%
Change in valuation allowance for deferred tax assets	2.0 %	9.9 %	2.0 %
State taxes, net of federal benefit	(0.6)%	5.5 %	3.5 %
Audit and other tax return adjustments	5.6 %	1.4 %	0.6 %
Tax-exempt income, credits and incentives	4.5 %	(5.9)%	(2.1)%
Foreign rate differential adjusted for U.S. taxation of foreign profits[(1)]	(0.9)%	(2.6)%	0.1 %
Stock-based compensation	(0.2)%	2.3 %	(0.3)%
Goodwill impairment	(29.1)%	— %	— %
Other	0.1 %	0.2 %	0.3 %
Effective Income Tax Rate	3.6 %	25.4 %	21.8 %

(1) The "U.S. taxation of foreign profits" represents the U.S. tax, net of foreign tax credits, associated with actual and deemed repatriations of earnings from our non-U.S. subsidiaries.

On a consolidated basis, including discontinued operations, we paid a total of $61, $32 and $94 in income taxes to federal, foreign and state jurisdictions during the three years ended December 31, 2021, 2020 and 2019, respectively.

Total income tax expense (benefit) was allocated to the following items:

	Year Ended December 31,		
	2021	2020	2019
Pre-tax (loss) income	$ (17)	$ 64	$ 179
Discontinued operations[(1)]	—	—	95
Common shareholders' equity:			
Changes in defined benefit plans	143	43	(55)
Cash flow hedges	(1)	1	(1)
Translation adjustments	(4)	(3)	8
Retained Earnings	—	—	—
Total Income Tax Expense	$ 121	$ 105	$ 226

(1) Refer to Note 6 - Divestitures for additional information regarding discontinued operations.

Unrecognized Tax Benefits and Audit Resolutions

We recognize tax liabilities when, despite our belief that our tax return positions are supportable, we believe that certain positions may not be fully sustained upon review by tax authorities. Each period, we assess uncertain tax positions for recognition, measurement and effective settlement. Benefits from uncertain tax positions are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement - the more-likely-than-not recognition threshold. Where we have determined that our tax return filing position does not satisfy the more-likely-than-not recognition threshold, we have recorded no tax benefits. These assessments require the use of considerable estimates and judgments and can increase or decrease our effective tax rate, as well as impact our operating results. A difference in the ultimate resolution of uncertain tax positions from what is currently estimated could have a material impact on our results of operations and financial condition.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a variety of jurisdictions. We are also subject to ongoing tax examinations in numerous jurisdictions due to the extensive geographical scope of our operations. As a result, we have received, and may in the future receive, proposed tax adjustments and tax assessments in multiple jurisdictions. We regularly assess the likelihood of the outcomes resulting from these ongoing tax examinations as part of our continuing assessment of uncertain tax positions to determine our provision for income taxes. The specific timing of when the resolution of each tax position will be reached is uncertain. As of December 31, 2021, we do not believe that there are any positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the next 12 months.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2021	2020	2019
Balance at January 1	$ 115	$ 127	$ 108
Additions related to current year	7	3	42
Additions related to prior years positions	—	8	17
Reductions related to prior years positions	(14)	(10)	(36)
Settlements with taxing authorities[(1)]	7	(8)	(1)
Reductions related to lapse of statute of limitations	(7)	(7)	(3)
Currency	(1)	2	—
Balance at December 31	$ 107	$ 115	$ 127

(1) The majority of settlements did not result in the utilization of cash.

Included in the balances at December 31, 2021, 2020 and 2019 are $1, $8 and $3, respectively, of tax positions that are highly certain of realizability but for which there is uncertainty about the timing or that they may be reduced through an indirect benefit from other taxing jurisdictions. Because of the impact of deferred tax accounting, other than for the possible incurrence of interest and penalties, the disallowance of these positions would not affect the annual effective tax rate.

Within income tax expense, we recognize interest and penalties accrued on unrecognized tax benefits, as well as interest received from favorable settlements. We had $1, $4 and $2 accrued for the payment of interest and penalties associated with unrecognized tax benefits at December 31, 2021, 2020 and 2019, respectively.

In the U.S., we are no longer subject to U.S. federal income tax examinations for years before 2017. With respect to our major foreign jurisdictions, we are no longer subject to tax examinations by tax authorities for years before 2011.

Deferred Income Taxes

At December 31, 2021 we have not provided deferred taxes on our undistributed pre-1987 E&P of approximately $330, as such undistributed earnings have been determined to be indefinitely reinvested and we currently do not plan to initiate any action that would precipitate a deferred tax impact. The decrease from the amount at December 31, 2020 of $350 is due to foreign currency translation adjustments. Additionally, we have also not provided deferred taxes on the outside basis differences in our investments in foreign subsidiaries that are unrelated to undistributed earnings. These basis differences are also indefinitely reinvested. A determination of the unrecognized deferred taxes related to these components is not practicable.

The tax effects of temporary differences that give rise to significant portions of the deferred taxes were as follows:

	December 31,	
	2021	2020
Deferred Tax Assets		
Research and development	$ 185	$ 150
Post-retirement medical benefits	78	94
Net operating losses	363	377
Operating reserves, accruals and deferrals	133	124
Tax credit carryforwards	143	249
Deferred and share-based compensation	24	13
Pension	7	211
Depreciation	31	35
Operating lease liabilities	62	82
Other	36	44
Subtotal	1,062	1,379
Valuation allowance	(357)	(396)
Total	$ 705	$ 983
Deferred Tax Liabilities		
Finance lease and installment sales	$ 61	$ 247
Intangibles and goodwill	122	140
Unremitted earnings of foreign subsidiaries	31	31
Operating lease ROU assets	58	76
Other	22	16
Total	$ 294	$ 510
Total Deferred Taxes, Net	$ 411	$ 473
Reconciliation to the Consolidated Balance Sheets		
Deferred tax assets	$ 519	$ 508
Deferred tax liabilities(1)	(108)	(35)
Total Deferred Taxes, Net	$ 411	$ 473

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(1) Represents the deferred tax liabilities recorded in Other long-term liabilities - refer to Note 15 - Supplementary Financial Information.

We record the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and the amounts reported, as well as net operating loss and tax credit carryforwards. Deferred tax assets are assessed for realizability and, where applicable, a valuation allowance is recorded to reduce the total deferred tax asset to an amount that will, more-likely-than-not, be realized in the future. We apply judgment in assessing the realizability of these deferred tax assets and the need for any valuation allowances. In determining the amount of deferred tax assets that are more-likely-than-not to be realized, we considered historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. The deferred tax assets requiring significant judgment are U.S. tax credit carryforwards with a limited life.

The net change in the total valuation allowance for the years ended December 31, 2021, 2020 and 2019 was a decrease of $39, a decrease of $3 and an increase of $2, respectively. The valuation allowance relates primarily to certain net operating loss carryforwards, tax credit carryforwards and deductible temporary differences for which we have concluded it is more-likely-than-not that these items will not be realized in the ordinary course of operations.

Although realization is not assured, we have concluded that it is more-likely-than-not that the deferred tax assets, for which a valuation allowance was determined to be unnecessary, will be realized in the ordinary course of operations based on the available positive and negative evidence, including scheduling of deferred tax liabilities and projected income from operating activities. The amount of the net deferred tax assets considered realizable, however, could change in the near term if future income or income tax rates are higher or lower than currently estimated, or if there are differences in the timing or amount of future reversals of existing taxable or deductible temporary differences.

At December 31, 2021, we had tax credit carryforwards of $143 available to offset future income taxes, of which $2 are available to carryforward indefinitely while the remaining $141 will expire 2022 through 2042 if not utilized. We also had net operating loss carryforwards for income tax purposes of $496 that will expire 2022 through 2042, if not utilized, and $1.6 billion available to offset future taxable income indefinitely.

Note 21 – Contingencies and Litigation

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

Additionally, guarantees, indemnifications and claims may arise during the ordinary course of business from relationships with suppliers, customers and nonconsolidated affiliates, as well as through divestitures and sales of businesses, when the Company undertakes an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract could trigger an obligation of the Company. These potential claims include actions based upon alleged exposures to products, real estate, intellectual property such as patents, environmental matters, and other indemnifications. The ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the final outcome of these claims. However, while the ultimate liabilities resulting from such claims may be significant to results of operations in the period recognized, management does not anticipate they will have a material adverse effect on the Company's consolidated financial position or liquidity. As of December 31, 2021, we have accrued our estimate of liability incurred under our indemnification arrangements and guarantees.

Brazil Contingencies

Our Brazilian operations have received or been the subject of numerous governmental assessments related to indirect and other taxes. These 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:

	December 31, 2021	December 31, 2020
Tax contingency - unreserved	$ 292	$ 355
Escrow cash deposits	32	39
Surety bonds	96	112
Letters of credit	74	78
Liens on Brazilian assets	—	—

The decrease in the unreserved portion of the tax contingency, inclusive of any related interest, was primarily related to closed cases and 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 December 31, 2021 and 2020. We routinely assess all these matters as to probability of ultimately incurring a liability against our Brazilian operations and record our best estimate of the ultimate loss in situations where we assess the likelihood of an ultimate loss as probable.

Litigation Against the Company

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 then-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.

Discovery 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. On July 15, 2021, plaintiff filed its brief in connection with the appeals of the December 14, 2020 dismissal order and the January 15, 2021 discovery order.

On November 18, 2021, the Appellate Division issued its decision. The Court reversed the lower court's ruling to the extent that it dismissed the claims asserted against the Icahn defendants. The claims asserted against the Directors remain dismissed. On December 8, 2021, the Xerox Board approved the formation of a Special Litigation Committee to investigate and evaluate the claims and allegations asserted in the Miami Firefighters' case and determine the course of action that would be in the best interests of the Company and its shareholders. The Special Litigation Committee moved to stay the litigation pending its investigation and on January 25, 2022, the Court issued an order staying all discovery until February 28, 2022, except as related to the issue of the alleged damages sustained by Xerox.

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

On March 10, 2021, Xerox Holdings Corporation ("Xerox Holdings") 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 Xerox Holdings 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 Xerox Holdings and its direct and indirect customers; that Xerox Holdings' worldwide actual and projected losses through the end of 2020 totaled in excess of $300 (and is still increasing); and that following Xerox Holdings' 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 Xerox Holdings filed similar complaints and related requests for arbitration in Toronto, London, and Amsterdam for Canadian, UK and European losses.

Xerox Holdings consented to defendant's request for an extension of its time in which to answer or otherwise respond to the complaint. On May 6, 2021, FMG filed its answer to the complaint. The parties thereafter agreed to stay all non-U.S. proceedings pending the outcome of the U.S. litigation.

Guarantees, Indemnifications and Warranty Liabilities

Indemnifications Provided as Part of Contracts and Agreements

Acquisitions/Divestitures:

We have indemnified, subject to certain deductibles and limits, the purchasers of businesses or divested assets for the occurrence of specified events under certain of our divestiture agreements. In addition, we customarily agree to hold the other party harmless against losses arising from a breach of representations and covenants, including such matters as adequate title to assets sold, intellectual property rights, specified environmental matters and certain income taxes arising prior to the date of acquisition. Where appropriate, an obligation for such indemnifications is recorded as a liability at the time of the acquisition or divestiture. Since the obligated amounts of these types of indemnifications are often not explicitly stated and/or are contingent on the occurrence of future events, the overall maximum amount of the obligation under such indemnifications cannot be reasonably estimated. Other than obligations recorded as liabilities at the time of divestiture, we have not historically made significant payments for these indemnifications. Additionally, under certain of our acquisition agreements, we have provided for additional consideration to be paid to the sellers if established financial targets are achieved post-closing. We have recognized liabilities for these contingent obligations based on an estimate of the fair value of these contingencies at the time of acquisition. Contingent obligations related to indemnifications arising from our divestitures and contingent consideration provided for by our acquisitions are not expected to be material to our financial position, results of operations or cash flows.

Other Agreements:

We are also party to the following types of agreements pursuant to which we may be obligated to indemnify the other party with respect to certain matters:

- Guarantees on behalf of our subsidiaries with respect to real estate leases. These lease guarantees may remain in effect subsequent to the sale of the subsidiary.
- Agreements to indemnify various service providers, trustees and bank agents from any third-party claims related to their performance on our behalf, with the exception of claims that result from a third-party's own willful misconduct or gross negligence.
- Guarantees of our performance in certain sales and services contracts to our customers and indirectly the performance of third parties with whom we have subcontracted for their services. This includes indemnifications to customers for losses that may be sustained as a result of the use of our equipment at a customer's location.

In each of these circumstances, our payment is conditioned on the other party making a claim pursuant to the procedures specified in the particular contract and such procedures also typically allow us to challenge the other party's claims. In the case of lease guarantees, we may contest the liabilities asserted under the lease. Further, our obligations under these agreements and guarantees may be limited in terms of time and/or amount, and in some instances, we may have recourse against third parties for certain payments we made.

Patent Indemnifications

In most sales transactions to resellers of our products, we indemnify against possible claims of patent infringement caused by our products or solutions. In addition, we indemnify certain software providers against claims that may arise as a result of our use or our subsidiaries', customers' or resellers' use of their software in our products and solutions. These indemnities usually do not include limits on the claims, provided the claim is made pursuant to the procedures required in the sales contract.

Indemnification of Officers and Directors

The corporate by-laws of Xerox Holdings Corporation and Xerox Corporation require that, except to the extent expressly prohibited by law, we must indemnify Xerox Holdings Corporation's and Xerox Corporation's officers and directors, respectively, against judgments, fines, penalties and amounts paid in settlement, including legal fees and all appeals, incurred in connection with civil or criminal action or proceedings, as it relates to their services to Xerox Holdings Corporation and/or Xerox Corporation and their subsidiaries. Although the by-laws provide no limit on the amount of indemnification, Xerox Holdings Corporation or Xerox Corporation may have recourse against our insurance carriers for certain payments made by Xerox Holdings Corporation or Xerox Corporation. However, certain indemnification payments (such as those related to "clawback" provisions in certain compensation arrangements) may not be covered under Xerox Holdings Corporation's and Xerox Corporation's directors' and officers' insurance coverage. Xerox Holdings Corporation and Xerox Corporation also indemnify certain fiduciaries of our employee benefit plans for liabilities incurred in their service as fiduciary whether or not they are officers of Xerox Holdings Corporation or Xerox Corporation. Finally, in connection with Xerox Holdings Corporation's and/or Xerox Corporation's acquisition of businesses, we may become contractually obligated to indemnify certain former and current directors, officers and employees of those businesses in accordance with pre-acquisition by-laws and/or indemnification agreements and/or applicable state law.

Product Warranty Liabilities

In connection with our normal sales of equipment, including those under sales-type leases, we generally do not issue product warranties. Our arrangements typically involve a separate full service maintenance agreement with the customer. The agreements generally extend over a period equivalent to the lease term or the expected useful life of the equipment under a cash sale. The service agreements involve the payment of fees in return for our performance of repairs and maintenance. As a consequence, we do not have any significant product warranty obligations, including any obligations under customer satisfaction programs. In a few circumstances, particularly in certain cash sales, we may issue a limited product warranty if negotiated by the customer. We also issue warranties for certain of our entry level products, where full service maintenance agreements are not available. In these instances, we record warranty obligations at the time of the sale. Aggregate product warranty liability expenses for the three years ended December 31, 2021, 2020 and 2019 were $8, $8 and $12, respectively. Total product warranty liabilities as of December 31, 2021 and 2020 were $6 and $6, respectively.

Guarantees

We have issued or provided approximately $292 of guarantees as of December 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 tax and labor contingencies (see **Brazil Contingencies**); iii) support our obligations related to our U.K. pension plans; and iv) 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, or one of our direct or indirect subsidiaries whose obligations we have guaranteed, 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 22 - Preferred Stock

Series A Convertible Perpetual Voting Preferred Stock

As of December 31, 2021, Xerox Holdings Corporation had one class of preferred stock outstanding. Xerox Holdings Corporation has issued 180,000 shares of Series A Preferred Stock that have an aggregate liquidation value of $180 and a carrying value of $214. The Series A Preferred Stock pays quarterly cash dividends at a rate of 8% per year ($14 per year), on a cumulative basis. Each share of Series A Preferred Stock is convertible at any time, at the option of the holder, into 37.4532 shares of common stock of Xerox Holdings Corporation for a total of 6,742 thousand shares (reflecting an initial conversion price of approximately $26.70 per share of common stock), subject to customary anti-dilution adjustments.

If the closing price of Xerox Holdings Corporation common stock exceeds $39.00 or 146.1% of the initial conversion price of $26.70 per share of common stock for 20 out of 30 consecutive trading days, Xerox Holdings Corporation will have the right to cause any or all of the Series A Preferred Stock to be converted into shares of common stock at the then applicable conversion rate. The Series A Preferred Stock is also convertible, at the option of the holder, upon a change in control, at the applicable conversion rate plus an additional number of shares determined by reference to the price paid for our common stock upon such change in control. In addition, upon the occurrence of certain fundamental change events, including a change in control or the delisting of Xerox Holdings Corporation's common stock, the holder of the Series A Preferred Stock has the right to require Xerox Holdings Corporation to redeem any or all of the preferred stock in cash at a redemption price per share equal to the liquidation preference and any accrued and unpaid dividends up to, but not including, the redemption date. The Series A Preferred Stock is classified as temporary equity (i.e., apart from permanent equity) as a result of the contingent redemption feature.

Series A Preferred Stock Voting Rights

The Xerox Holdings Corporation Series A Preferred Stock votes together with the Xerox Holdings Corporation common stock, as a single class, on all matters submitted to the shareholders of Xerox Holdings Corporation, but the Xerox Holdings Corporation Series A Voting Preferred Stock is only entitled to one vote for every ten shares of Xerox Holdings Corporation common stock into which the Xerox Holdings Corporation Series A Preferred Stock is convertible (674,157 votes at December 31, 2021).

Note 23 – Shareholders' Equity

Xerox Holdings

Preferred Stock

Xerox Holdings Corporation is authorized to issue approximately 22 million shares of cumulative Preferred stock, $1.00 par value per share. Refer to Note 22 - Preferred Stock for additional information.

Common Stock

Xerox Holdings Corporation is authorized to issue 437.5 million shares of Common stock, $1.00 par value per share. At December 31, 2021, 25 million shares were reserved for issuance under our incentive compensation plans and 7 million shares were reserved for conversion of the Series A Convertible Perpetual Preferred Voting Stock.

Treasury Stock

Xerox Holdings Corporation accounts for the repurchased Common stock under the cost method and includes such Treasury stock as a component of our Common shareholders' equity. Retirement of Treasury stock is recorded as a reduction of Common stock and Additional paid-in capital at the time such retirement is approved by our Board of Directors.

In October 2021, the Xerox Holdings Corporation's Board of Directors authorized a $500 share repurchase program (exclusive of commissions and fees). This program replaced the approximate $450 thousand of authority remaining under Xerox Holdings Corporation's previously authorized $1.1 billion share repurchase program.

The following provides cumulative information relating to Xerox Holdings Corporation's current share repurchase program from its inception in October 2021 through December 31, 2021 (shares in thousands):

Authorized share repurchase program	$	500
Share repurchase cost	$	387
Share repurchase fees	$	1
Number of shares repurchased		19,401

Of the $500 of share repurchase granted in October 2021 by Xerox Holdings Corporation's Board of Directors, approximately $113 of that authority remained available at December 31, 2021.

The following table reflects the changes in Common and Treasury stock shares (shares in thousands). The Treasury stock repurchases in the table below include the repurchases under both the prior Xerox Corporation authorized share repurchase program and the current Xerox Holdings Corporation authorized share repurchase program.

	Common Stock Shares	Treasury Stock Shares
Balance at December 31, 2018	231,690	2,067
Stock based compensation plans, net	1,310	—
Acquisition of Treasury stock	—	18,343
Cancellation of Treasury stock	(18,379)	(18,379)
Balance at December 31, 2019	214,621	2,031
Stock based compensation plans, net	1,390	—
Acquisition of Treasury stock	—	15,594
Cancellation of Treasury stock	(17,625)	(17,625)
Balance at December 31, 2020	198,386	—
Stock based compensation plans, net	1,206	—
Acquisition of Treasury stock	—	40,198
Cancellation of Treasury stock	(31,523)	(31,523)
Balance at December 31, 2021	168,069	8,675

Xerox

At December 31, 2021, Xerox Corporation has 1,000 authorized shares of Common stock, $1.00 par value per share, of which 100 shares are issued and outstanding and held by Xerox Holdings Corporation.

Note 24 – Stock-Based Compensation

(shares in thousands)

We have a long-term incentive plan whereby eligible employees may be granted restricted stock units (RSUs), performance share units (PSUs) and stock options (SOs). We grant stock-based compensation awards in order to continue to attract and retain qualified employees and to better align employees' interests with those of our shareholders. Each of these awards is subject to settlement with newly issued shares of Xerox Holdings Corporation's common stock. At December 31, 2021 and 2020, 8 million and 11 million shares, respectively, were available for grant of awards.

Stock-based compensation expense was as follows:

	Year Ended December 31,		
	2021	2020	2019
Stock-based compensation expense, pre-tax	$ 54	$ 42	$ 50
Income tax benefit recognized in earnings	13	11	13

In 2019, the timing of our annual grant of awards was changed from April to January to more closely align the grant date with the underlying performance period related to PSUs. Stock options were last awarded under the 2018 grant.

Restricted Stock Units

Compensation expense for RSUs is based upon the grant-date market price and is recognized on a straight-line basis over the vesting period, based on management's estimate of the number of shares expected to vest. Beginning with the 2018 grant, RSU's vest on a graded schedule as follows: 25% after one year of service, 25% after two years of service and 50% after three years of service from the date of grant. Prior to the 2018 grant, RSUs vested on a three-year cliff basis from the date of grant. Beginning with the 2021 grant, RSUs vest on a graded schedule as follows: 33% after one year of service, 33% after two years of service and 34% after three years of service from the date of grant.

Performance Share Units

PSU awards granted in 2021, 2020 and 2019 were comprised of a performance-based component that included a Revenue and Free Cash Flow metric and a market-based component that included an Absolute Share Price metric. The metrics are weighted as follows: 25% Revenue, 25% Free Cash Flow and 50% Absolute Share Price. Accordingly, each PSU grant was one-half performance-based (Revenue and Free Cash Flow) and one-half market-based (Absolute Share Price). The measures are independent of each other and depending on the achievement of these metrics, a recipient of a PSU award is entitled to receive a number of shares equal to a percentage, ranging from 0% to 200% of the PSU award granted. PSUs have a three-year cliff vesting from the date of grant.

In November 2020, the Xerox Holdings Corporation Board approved grants of RSUs to employees who had received grants of PSUs in 2019 and/or 2020 that included performance and market metrics that have been permanently adversely impacted by the COVID-19 pandemic. These grants of RSUs were made in December 2020. The grant-date value of the new RSUs for each recipient was approximately 50% of the grant-date value of the recipient’s 2020 and/or 2019 PSUs. These RSU grants were not intended to take the place of the Company’s 2021 regular annual equity incentive programs.

Performance-Based Component: PSUs vest contingent upon meeting pre-determined cumulative performance metrics. The fair value of our PSUs is based upon the grant-date market price. Compensation expense is recognized on a straight-line basis over the vesting period, based on management's estimate of the number of shares expected to vest and based on meeting the performance metrics. If the cumulative three-year actual results exceed the stated targets, all plan participants have the potential to earn additional shares of common stock up to a maximum over-achievement of 100% of the original grant. If the stated targets are not met, any recognized compensation cost would be reversed.

Market-Based Component: The Absolute Share Price metric, included as the market-based component of the 2021, 2020 and 2019 PSU grant, is based on Xerox Holdings Corporation's average closing price for the last 20 trading days of the three-year performance period, inclusive of dividends during that period. Payout for this portion of the PSU will be determined based on total return targets. Since the Absolute Share Price metric of the PSU award represents a market condition, a Monte Carlo simulation was used to determine the grant-date fair value.

The TSR metric included as the market-based component of the 2018 PSU grant was based on the percentage change in Xerox Corporation stock price plus dividends paid over the three-year measurement period. Payout for this portion of the PSU was to be determined based on Xerox Corporation percentage change compared to the shareholder returns of the peer group of companies approved by the compensation committee of the Board (as disclosed in the 2018 annual proxy statement). Since the TSR metric of the PSU award represented a market condition, a Monte Carlo simulation was used to determine the grant-date fair value.

A summary of Xerox Holdings key valuation input assumptions used in the Monte Carlo simulation relative to awards granted were as follows:

	2021 Award	2020 Award	2019 Award	2018 Award
Term	3 years	3 years	3 years	3 years
Risk-free interest rate(1)	0.20 %	1.60 %	2.51 %	2.39 %
Dividend yield(2)	4.66 %	2.80 %	3.97 %	3.24 %
Volatility(3)	44.76 %	29.49 %	32.95 %	29.12 %
Weighted average fair value(4)	$ 25.80	$ 41.28	$ 16.27	$ 32.01

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(1) *The risk-free interest rate was based on the zero-coupon U.S. Treasury yield curve on the valuation date, with a maturity matched to the performance period.*
(2) *The dividend yield was calculated as the expected quarterly dividend divided by our three-month average stock price as of the valuation date, annualized and continuously compounded.*
(3) *Volatility is derived from historical stock prices as well as implied volatility when appropriate and available.*
(4) *The weighted average of fair values used to record compensation expense as determined by the Monte Carlo simulation.*

Our Absolute Share Price metric is compared against total return targets to determine the payout as follows:

Payout as a Percent of Target	2021 Total Return Targets(1)	2020 Total Return Targets(1)	2019 Total Return Targets(1)
200%	$33.00 and above	$45.00 and above	$40.00 and above
100%	$ 30.00	$ 40.00	$ 35.00
50%	$ 27.00	$ 37.00	$ 30.00
0%	Below $27.00	Below $37.00	Below $30.00

Our 2018 TSR metric compared to the peer group TSR will determine the payout as follows:

Payout as a Percent of Target	Percentile(1)
200%	80th and above
100%	50th
35%	25th
0%	Below 25th

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(1) *For performance between the levels described above, the degree of vesting is interpolated on a linear basis.*

Compensation expense for the market-based component of the PSU awards is recognized on a straight-line basis over the vesting period based on the fair value determined by the Monte Carlo simulation and, except in cases of employee forfeiture, cannot be reversed regardless of performance. There was no impact to compensation expense as a result of the Xerox Corporation Board's approval to modify the 2018 TSR metric to a one-year performance period (2018) and a two-year time-based requirement (2019 and 2020).

Stock Options

The Xerox Corporation Board approved the granting of SOs as part of the 2018 plan design. Compensation expense associated with SOs is based upon the grant date fair value determined by utilizing the Black-Scholes (BS) option-pricing model and is recognized on a straight-line basis over the vesting period, based on management's estimate of the number of SOs expected to vest. The 2018 SOs have a contractual term of 10 years from the date of grant and vest as follows: 25% after one year of service, 25% after two years of service, and 50% after three years of service from the date of grant.

Xerox Holdings weighted average assumptions used in the BS option-pricing model relative to SO awards were as follows:

	2018 Award
Expected term(1)	6.13 years
Expected volatility(2)	27.25 %
Expected dividend yield(3)	3.25 %
Risk-free interest rate(4)	2.63 %
Weighted average fair value(5)	$5.71

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(1) *Since these SO grants were effectively part of a new program, the expected term was calculated using the "Simplified Method" under the SEC guidance based on the SOs vesting schedule and contractual term. We did not have sufficient historical exercise data to provide a reasonable basis to estimate an expected term.*

(2) *The expected volatility was calculated based on a combination of term-matched historical volatility and implied volatility from traded options.*

(3) *The dividend yield was calculated as the expected quarterly dividend divided by our three-month average stock price as of the grant date.*

(4) *The risk-free interest rate was based on the zero-coupon U.S. Treasury yield curve with a maturity matched to the expected term of the SOs.*

(5) *The weighted average of fair values used to record compensation expense as determined by the BS option-pricing model.*

Note: Management’s estimate of the number of shares expected to vest at the time of grant reflects an estimate for forfeitures based on our historical forfeiture rate to date. Should actual forfeitures differ from management’s estimate, the activity will be reflected in a subsequent period. In addition, RSUs, PSUs and SOs awarded to employees who are retirement-eligible at the date of grant, become retirement-eligible during the vesting period, or are terminated not-for-cause (e.g. as part of a restructuring initiative), vest based on service provided from the date of grant to the date of separation.

Summary of Stock-based Compensation Activity

	2021		2020		2019	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value[1]	Shares	Weighted Average Grant Date Fair Value[1]
Restricted Stock Units [2]						
Outstanding at January 1	3,187	$ 26.48	2,845	$ 26.87	3,559	$ 29.51
Granted	1,513	23.37	2,028	27.85	1,366	23.22
Vested	(1,327)	26.07	(1,473)	28.85	(1,666)	29.28
Forfeited	(212)	25.06	(213)	28.39	(414)	27.85
Outstanding at December 31	3,161	25.26	3,187	26.48	2,845	26.87
Performance Shares						
Outstanding at January 1	2,425	$ 26.67	2,830	$ 24.99	2,462	$ 29.83
Granted[3]	1,195	24.67	901	37.59	1,433	19.46
Vested	(672)	28.08	(993)	31.94	(633)	29.56
Forfeited/Expired	(130)	26.92	(313)	26.22	(432)	27.50
Outstanding at December 31	2,818	25.47	2,425	26.67	2,830	24.99
Stock Options						
Outstanding at January 1	799	$ 27.81	861	$ 27.83	1,022	$ 27.84
Granted	—	—	—	—	—	—
Forfeited/Expired	(187)	27.97	(60)	27.98	(92)	27.92
Exercised	—	—	(2)	27.98	(69)	27.98
Outstanding at December 31	612	27.77	799	27.81	861	27.83
Exercisable at December 31	612	27.77	470	27.84	233	27.83

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(1) *Weighted average exercise price for stock options.*
(2) *Includes a 2018 Restricted Stock Award (RSA) grant of 351 shares with a corresponding grant date fair value of $28.51, which vested in 2019.*
(3) *Includes 60 shares associated with the over-performance of our 2018 PSU grant.*

Unrecognized compensation cost related to non-vested stock-based awards at December 31, 2021 was as follows:

Awards	Unrecognized Compensation	Remaining Weighted-Average Vesting Period (Years)
Restricted Stock Units	$ 40	1.47
Performance Shares	13	1.7
Total	$ 53	

The aggregate intrinsic value of outstanding stock-based awards was as follows:

Awards	December 31, 2021
Restricted Stock Units	$ 72
Performance Shares	64
Stock Options[1]	—

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(1) *Strike price greater than Xerox Holdings Corporation Stock price at December 31, 2021, therefore, intrinsic value is considered to be $0.*

The intrinsic value and actual tax benefit realized for all vested and exercised stock-based awards was as follows:

	December 31, 2021			December 31, 2020			December 31, 2019		
Awards	Total Intrinsic Value	Cash Received	Tax Benefit	Total Intrinsic Value	Cash Received	Tax Benefit	Total Intrinsic Value[1]	Cash Received	Tax Benefit
Restricted Stock Units	$ 30	$ —	$ 5	$ 33	$ —	$ 5	$ 55	$ —	$ 11
Performance Share Units	17	—	2	18	—	4	23	—	6
Stock Options	—	—	—	—	—	—	1	2	—

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(1) *RSUs include a RSA grant of 351 shares, which vested in 2019.*

Note 25 – Other Comprehensive Income (Loss)

In 2019, as a result of the sale of our investment in Fuji Xerox, we reclassified out of Accumulated other comprehensive loss and into earnings $165 of accumulated translation adjustments and defined benefit plan losses related to Fuji Xerox. The reclassified amounts are included in the gain recognized on the Sales. Refer to Note 6 - Divestitures for additional information regarding these Sales and the associated gain recognized.

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

	Year Ended December 31,					
	2021		2020		2019	
	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Translation Adjustments (Losses) Gains						
Aggregates adjustment in period	$ (145)	$ (141)	$ 238	$ 241	$ 53	$ 45
Divestiture - reclassification	—	—	—	—	17	17
Net Translation Adjustments (Losses) Gains	(145)	(141)	238	241	70	62
Unrealized Gains (Losses)						
Changes in fair value of cash flow hedges (losses) gains	(12)	(9)	4	3	2	1
Changes in cash flow hedges reclassed to earnings[(1)]	7	5	1	1	(9)	(7)
Net Unrealized (Losses) Gains	(5)	(4)	5	4	(7)	(6)
Defined Benefit Plans Gains (Losses)						
Net actuarial/prior service gains (losses)	537	409	117	86	(275)	(202)
Prior service amortization/curtailment[(2)]	(72)	(54)	(80)	(60)	(81)	(61)
Actuarial loss amortization/settlement[(2)]	132	99	138	104	156	118
Fuji Xerox changes in defined benefit plans, net[(3)]	—	—	—	—	8	8
Other (losses) gains[(4)]	35	35	(63)	(61)	(21)	(21)
Divestiture - reclassification	—	—	—	—	148	148
Changes in Defined Benefit Plans Gains (Losses)	632	489	112	69	(65)	(10)
Other Comprehensive Income (Loss) Attributable to Xerox Holdings/Xerox	$ 482	$ 344	$ 355	$ 314	$ (2)	$ 46

(1) Reclassified to Cost of sales - refer to Note 17 - Financial Instruments for additional information regarding our cash flow hedges.
(2) Reclassified to Total Net Periodic Benefit Cost - refer to Note 19 - Employee Benefit Plans for additional information.
(3) Represents our share of Fuji Xerox's benefit plan changes.
(4) Primarily represents currency impact on cumulative amount of benefit plan net actuarial losses and prior service credits in AOCL.

Accumulated Other Comprehensive Loss (AOCL)

AOCL is comprised of the following:

	December 31,		
	2021	2020	2019
Cumulative translation adjustments	$ (1,861)	$ (1,720)	$ (1,961)
Other unrealized (losses) gains, net	(2)	2	(2)
Benefit plans net actuarial losses and prior service credits	(1,125)	(1,614)	(1,683)
Total Accumulated Other Comprehensive Loss Attributable to Xerox Holdings/Xerox	$ (2,988)	$ (3,332)	$ (3,646)

We utilize the aggregate portfolio approach for releasing disproportionate income tax effects from AOCL.

Note 26 – (Loss) Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share of Xerox Holdings Corporation's Common stock (shares in thousands):

	Year Ended December 31,		
	2021	2020	2019
Basic (Loss) Earnings per Share:			
Net (Loss) Income from continuing operations attributable to Xerox Holdings	$ (455)	$ 192	$ 648
Accrued dividends on preferred stock	(14)	(14)	(14)
Adjusted Net (Loss) income from continuing operations available to common shareholders	(469)	178	634
Income from discontinued operations attributable to Xerox Holdings, net of tax	—	—	705
Adjusted Net (Loss) income available to common shareholders	$ (469)	$ 178	$ 1,339
Weighted average common shares outstanding	183,168	208,983	221,969
Basic (Loss) Earnings per Share:			
Continuing operations	$ (2.56)	$ 0.85	$ 2.86
Discontinued operations	—	—	3.17
Basic (Loss) Earnings per Share	$ (2.56)	$ 0.85	$ 6.03
Diluted (Loss) Earnings per Share:			
Net (Loss) Income from continuing operations attributable to Xerox Holdings	$ (455)	$ 192	$ 648
Accrued dividends on preferred stock	(14)	(14)	—
Adjusted Net (Loss) income from continuing operations available to common shareholders	(469)	178	648
Income from discontinued operations attributable to Xerox Holdings, net of tax	—	—	705
Adjusted Net (Loss) income available to common shareholders	$ (469)	$ 178	$ 1,353
Weighted average common shares outstanding	183,168	208,983	221,969
Common shares issuable with respect to:			
Stock options	—	15	55
Restricted stock and performance shares	—	2,439	4,403
Convertible preferred stock	—	—	6,742
Adjusted Weighted average common shares outstanding	183,168	211,437	233,169
Diluted (Loss) Earnings per Share:			
Continuing operations	$ (2.56)	$ 0.84	$ 2.78
Discontinued operations	—	—	3.02
Diluted (Loss) Earnings per Share	$ (2.56)	$ 0.84	$ 5.80
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 (shares in thousands):			
Stock options	612	784	805
Restricted stock and performance shares	5,979	3,173	1,272
Convertible preferred stock	6,742	6,742	—
Total Anti-Dilutive Securities	13,333	10,699	2,077
Dividends per Common Share	$ 1.00	$ 1.00	$ 1.00

Note 27 – Subsequent Events

Secured Borrowings

In January 2022, we entered into a secured loan agreement with financial institutions where we sold $789 of U.S. based finance receivables to an SPE. The purchase by the SPE was funded through a $668 amortizing secured loan to the SPE from the financial institutions. The SPE is fully consolidated in our financial statements. The secured loan was an amendment of the December 2020 secured borrowing, which had a remaining balance of $248, and we received the incremental net cash. The transaction was accounted for as an extinguishment of debt and the issuance of new debt and associated collateral.

The new loan has a variable interest rate based on the financial institutions' cost of funds plus a spread (initial rate of 1.40%) and an expected life of approximately 2.5 years, with half of the loan projected to be repaid within the first year based on collections of the underlying portfolio of receivables.

Acquisition of Powerland

In February 2022, Xerox acquired Powerland, a leading IT services provider in Canada for approximately $60 (CAD 76 million), which includes certain holdbacks and payment of assumed tax liabilities. The acquisition also includes contingent consideration up to approximately $22 (CAD 28 million) based on future performance of the acquisition over the next two years. The acquisition strengthens Xerox's IT services offerings in North America, which include cloud, cyber security, end user computing and managed services. We are currently assessing the purchase price allocation but expect the majority to be allocated to Intangible assets and Goodwill.

Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Xerox Holdings Corporation

Management's Responsibility for Financial Statements

The management of Xerox Holdings Corporation is responsible for the integrity and objectivity of all information presented in this annual report. The Consolidated Financial Statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the Consolidated Financial Statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the financial position and results of operations of Xerox Holdings Corporation.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets regularly with the independent auditors, PricewaterhouseCoopers LLP, the internal auditors and representatives of management to review accounting, financial reporting, internal control and audit matters, as well as the nature and extent of the audit effort. The Audit Committee is responsible for the engagement of the independent auditors. The independent auditors and internal auditors have access to the Audit Committee.

Evaluation of Disclosure Controls and Procedures

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

Management's Report on Internal Control over Financial Reporting

The management of Xerox Holdings Corporation is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the rules promulgated under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive, financial and accounting officers, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in “Internal Control - Integrated Framework (2013)” issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the above evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in Part II, Item 8 of this combined Form 10-K.

Changes in Internal Control over Financial Reporting

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

In July 2021, the Company entered into a shared services arrangement with Tata Consulting Services (TCS), whereby TCS will provide business processing outsourcing services in support of our global finance organization. TCS will leverage their existing technology and make additional investments as required to consolidate, optimize and automate the supported services with the goal of providing improved service levels and cost savings. This arrangement is not in response to any identified deficiency or weakness in the Company’s internal control over financial reporting. In response to this arrangement, the Company has and will continue to align and streamline the design and operation of its financial control environment and ensure that controls are adequately maintained in the transition of services to TCS.

Xerox Corporation

Management's Responsibility for Financial Statements

The management of Xerox Corporation is responsible for the integrity and objectivity of all information presented in this annual report. The Consolidated Financial Statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the Consolidated Financial Statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the financial position and results of operations of Xerox Corporation.

The Audit Committee of the Xerox Holdings Corporation Board of Directors, which is composed solely of independent directors, meets regularly with the independent auditors, PricewaterhouseCoopers LLP, the internal auditors and representatives of management to review accounting, financial reporting, internal control and audit matters, as well as the nature and extent of the audit effort. The Audit Committee is responsible for the engagement of the independent auditors. The independent auditors and internal auditors have access to the Audit Committee.

Evaluation of Disclosure Controls and Procedures

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

Management's Report on Internal Control over Financial Reporting

The management of Xerox Corporation is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the rules promulgated under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive, financial and accounting officers, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in “Internal Control - Integrated Framework (2013)” issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the above evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in Part II, Item 8 of this combined Form 10-K.

Changes in Internal Control over Financial Reporting

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

In July 2021, the Company entered into a shared services arrangement with Tata Consulting Services (TCS), whereby TCS will provide business processing outsourcing services in support of our global finance organization. TCS will leverage their existing technology and make additional investments as required to consolidate, optimize and automate the supported services with the goal of providing improved service levels and cost savings. This arrangement is not in response to any identified deficiency or weakness in the Company’s internal control over financial reporting. In response to this arrangement, the Company has and will continue to align and streamline the design and operation of its financial control environment and ensure that controls are adequately maintained in the transition of services to TCS.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information regarding directors is incorporated herein by reference to the section entitled “Proposal 1 - Election of Directors” in our definitive Proxy Statement (2022 Proxy Statement) to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, in connection with our Annual Meeting of Stockholders. The Proxy Statement will be filed within 120 days after the end of our fiscal year ended December 31, 2021.

The information regarding the Audit Committee, its members and the Audit Committee financial experts is incorporated by reference herein from the subsection entitled “Committee Functions, Membership and Meetings” in the section entitled “Proposal 1 - Election of Directors” in our 2022 Proxy Statement.

We have adopted a code of ethics applicable to our principal executive officer, principal financial officer and principal accounting officer. The Finance Code of Conduct can be found on our website at: www.xerox.com/investor and then clicking on Corporate Governance. The content of our website is not incorporated by reference in this combined Form 10-K unless expressly noted. Information concerning our Finance Code of Conduct can be found under "Corporate Governance" in our 2022 definitive Proxy Statement and is incorporated here by reference.

Executive Officers of Xerox

The following is a list of the executive officers of Xerox, their current ages, their present positions and the year appointed to their present positions. Each officer is elected to hold office until the meeting of the Board of Directors held on the day of the next annual meeting of shareholders, subject to the provisions of the By-Laws.

Name	Age	Present Position	Year Appointed to Present Position	Xerox Officer Since
Giovanni (John) Visentin	59	Vice Chairman and Chief Executive Officer	2018	2018
Steven J. Bandrowczak	61	President and Chief Operations Officer	2018	2018
Michael Feldman	55	Executive Vice President, President Americas Operations	2017	2013
Jacques-Edouard Gueden	57	Executive Vice President, President EMEA Operations	2021	2021
Xavier Heiss	58	Executive Vice President, Chief Financial Officer	2020	2015
Suzan Morno-Wade	54	Executive Vice President, Chief Human Resources Officer	2018	2018
Louis J. Pastor	37	Executive Vice President, Chief Corporate Development Officer and Chief Legal Officer	2021	2018
Joanne Collins Smee	65	Executive Vice President, Chief Commercial, SMB and Channels Officer	2020	2018
Naresh K. Shanker	61	Senior Vice President, Chief Technology Officer	2019	2019
Joseph H. Mancini, Jr.	63	Vice President, Chief Accounting Officer	2013	2010

Of the officers named above, Messrs. Feldman, Gueden, Heiss and Mancini, Jr. and Ms. Morno-Wade, have been officers or executives of Xerox, or its subsidiaries, for at least the past five years.

Mr. Visentin joined Xerox as Vice Chairman and CEO in May 2018. Prior to joining Xerox, Mr. Visentin served as a senior advisor to the chairman of Exela Technologies from August 2017 to May 2018, an operating partner for Advent International from September 2017 to May 2018 and a consultant to Icahn Capital in connection with a proxy contest at Xerox from March 2018 to May 2018. From 2013 to 2017, he served as the executive chairman and chief executive officer of Novitex Enterprise Solutions and as an advisor with Apollo Global Management. Mr. Visentin was also a director and chairman of the board of Presidio, Inc. from 2015 to 2017. From 2011 to 2012, he served as executive vice president and general manager of Hewlett Packard Company’s enterprise services business. From 2007 to 2011, Mr. Visentin served as general manager of integrated technology services for IBM.

Mr. Bandrowczak joined Xerox in 2018 after 2 years at Alight Solutions, a spin-out of AON, where he was the chief operating officer and chief information officer, responsible for the application portfolio and technical infrastructure of the organization. Prior to his experience at Alight Solutions, Mr. Bandrowczak was the president of Telecommunication Media and Technology at Sutherland Global Services for 6 months. He previously served as the senior vice president for Global Business Services at Hewlett-Packard Enterprises for 4 years. He has also held senior positions at Avaya, Nortel, Lenovo, DHL and Avnet.

Mr. Pastor joined Xerox as Executive Vice President and General Counsel in 2018. In 2021, he was appointed Executive Vice President, Chief Corporate Development Officer and Chief Legal Officer. Prior to Xerox, Mr. Pastor spent 5 years at Icahn Enterprises L.P., where he was most recently the deputy general counsel, responsible for, among other things, numerous long-term strategic initiatives, including the acquisitions and dispositions of various operating companies, and investments in and engagements with various public and private companies. Prior to Icahn Enterprises, Mr. Pastor was an associate at Simpson, Thacher & Bartlett LLP, where he advised public companies on mergers and acquisitions, securities offerings, corporate governance and other general corporate matters.

Ms. Collins Smee joined Xerox in 2018 from the U.S. Federal Government where she was leading Technology Transformation Services, overseeing technology and process design teams focused on transforming the way federal government agencies build, buy and use technology. Prior to that, Ms. Collins Smee spent more than 25 years at IBM in a variety of global executive roles, including client sales, support and delivery of technical products and services.

Mr. Shanker joined Xerox as chief digital officer and the executive committee in January 2019, and was appointed senior vice president and chief technology officer in May 2019. Prior to joining Xerox, Mr. Shanker was chief digital and information officer for a start-up company focusing on disruptive nano materials and clean energy solutions where he continues to be a strategic advisor. Previously, Mr. Shanker was the CIO for Hewlett Packard (HP) and Palm, Inc.

Item 11. Executive Compensation

The information included under the following captions under “Proposal 1-Election of Directors” in our 2022 definitive Proxy Statement is incorporated herein by reference: “Compensation Discussion and Analysis”, “Summary Compensation Table”, “Grants of Plan-Based Awards in 2021”, “Outstanding Equity Awards at 2021 Fiscal Year-End”, “Option Exercises and Stock Vested in 2021”, “Pension Benefits for the 2021 Fiscal Year”, “Nonqualified Deferred Compensation for the 2021 Fiscal Year”, “Potential Payments upon Termination or Change in Control”, "CEO Pay Ratio", “Summary of Director Annual Compensation", "Compensation Committee Interlocks and Insider Participation” and “Compensation Committee”. The information included under the heading “Compensation Committee Report” in our 2022 definitive Proxy Statement is incorporated herein by reference; however, this information shall not be deemed to be “soliciting material” or to be “filed” with the Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act of 1934, as amended.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding security ownership of certain beneficial owners and management and securities authorized for issuance under equity compensation plans is incorporated herein by reference to the subsections entitled “Ownership of Company Securities,” and “Equity Compensation Plan Information” under “Proposal 1- Election of Directors” in our 2022 definitive Proxy Statement.

Item 13. Certain Relationships, Related Transactions and Director Independence

Information regarding certain relationships and related transactions is incorporated herein by reference to the subsection entitled “Certain Relationships and Related Person Transactions” under “Proposal 1- Election of Directors” in our 2022 definitive Proxy Statement. The information regarding director independence is incorporated herein by reference to the subsections entitled “Corporate Governance” and “Director Independence” in the section entitled “Proposal 1 - Election of Directors” in our 2022 definitive Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information regarding principal auditor fees and services is incorporated herein by reference to the section entitled “Proposal 2 - Ratification of Election of Independent Registered Public Accounting Firm” in our 2022 definitive Proxy Statement.

Part IV

Item 15. Exhibit and Financial Statement Schedules

(a) (1) Index to Financial Statements filed as part of this report:

- Xerox Holdings Corporation Report of Independent Registered Public Accounting Firm (PCAOB ID 238);
- Xerox Corporation Report of Independent Registered Public Accounting Firm (PCAOB ID 238);
- Xerox Holdings Corporation Consolidated Statements of (Loss) Income for each of the years in the three-year period ended December 31, 2021;
- Xerox Corporation Consolidated Statements of (Loss) Income for each of the years in the three-year period ended December 31, 2021;
- Xerox Holdings Corporation Consolidated Statements of Comprehensive (Loss) Income for each of the three years in the period ended December 31, 2021;
- Xerox Corporation Consolidated Statements of Comprehensive (Loss) Income for each of the three years in the period ended December 31, 2021;
- Xerox Holdings Corporation Consolidated Balance Sheets as of December 31, 2021 and 2020;
- Xerox Corporation Consolidated Balance Sheets as of December 31, 2021 and 2020;
- Xerox Holdings Corporation Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2021;
- Xerox Corporation Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2021;
- Xerox Holdings Corporation Consolidated Statements of Shareholders' Equity for each of the three years in the period ended December 31, 2021;
- Xerox Corporation Consolidated Statements of Shareholder's Equity for each of the three years in the period ended December 31, 2021;
- Notes to the Consolidated Financial Statements; and
- All other schedules are omitted as they are not applicable, or the information required is included in the financial statements or notes thereto.

(2) Financial Statement Schedule:

- Xerox Holdings Corporation Schedule II - Valuation and Qualifying Accounts for each of the three years in the period ended December 31, 2021;
- Xerox Corporation Schedule II - Valuation and Qualifying Accounts for each of the three years in the period ended December 31, 2021.

(3) The exhibits filed herewith are set forth in the Index of Exhibits included herein.

(b) The management contracts or compensatory plans or arrangements listed in the “Index of Exhibits” that are applicable to the executive officers named in the Summary Compensation Table which appears in Registrant's 2022 Proxy Statement or to our directors are preceded by an asterisk (*).

Item 16. Form 10-K Summary

None

Signatures

Xerox Holdings Corporation

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

XEROX HOLDINGS CORPORATION

/s/ GIOVANNI VISENTIN

Giovanni Visentin
Vice Chairman and
Chief Executive Officer

February 23, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

February 23, 2022

Signature	Title
Principal Executive Officer:	
/S/ GIOVANNI VISENTIN	Vice Chairman, Chief Executive Officer and Director
Giovanni Visentin	
Principal Financial Officer:	
/S/ XAVIER HEISS	Executive Vice President and Chief Financial Officer
Xavier Heiss	
Principal Accounting Officer:	
/S/ JOSEPH H. MANCINI, JR.	Vice President and Chief Accounting Officer
Joseph H. Mancini, Jr.	
Directors:	
/S/ KEITH COZZA	Chairman and Director
Keith Cozza	
/S/ JOSEPH J. ECHEVARRIA	Director
Joseph J. Echevarria	
/S/ CHERYL GORDON KRONGARD	Director
Cheryl Gordon Krongard	
/S/ A. SCOTT LETIER	Director
A. Scott Letier	
/S/ JESSE A. LYNN	Director
Jessie A. Lynn	
/S/ NICHELLE MAYNARD-ELLIOTT	Director
Nichelle Maynard-Elliott	
/S/ STEVEN D. MILLER	Director
Steven D. Miller	
/S/ JAMES L. NELSON	Director
James L. Nelson	
/S/ MARGARITA PALÁU-HERNÁNDEZ	Director
Margarita Paláu-Hernández	

Table of Contents

Signatures

Xerox Corporation

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

XEROX CORPORATION

/s/ GIOVANNI VISENTIN

Giovanni Visentin
Vice Chairman and
Chief Executive Officer

February 23, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

February 23, 2022

Signature	Title
Principal Executive Officer:	
/S/ GIOVANNI VISENTIN	Vice Chairman, Chief Executive Officer and Director
Giovanni Visentin	
Principal Financial Officer:	
/S/ XAVIER HEISS	Executive Vice President and Chief Financial Officer
Xavier Heiss	
Principal Accounting Officer:	
/S/ JOSEPH H. MANCINI, JR.	Vice President and Chief Accounting Officer
Joseph H. Mancini, Jr.	
Directors:	
/S/ KEITH COZZA	Chairman and Director
Keith Cozza	
/S/ JOSEPH J. ECHEVARRIA	Director
Joseph J. Echevarria	
/S/ CHERYL GORDON KRONGARD	Director
Cheryl Gordon Krongard	
/S/ A. SCOTT LETIER	Director
A. Scott Letier	
/S/ JESSE A. LYNN	Director
Jessie A. Lynn	
/S/ NICHELLE MAYNARD-ELLIOTT	Director
Nichelle Maynard-Elliott	
/S/ STEVEN D. MILLER	Director
Steven D. Miller	
/S/ JAMES L. NELSON	Director
James L. Nelson	
/S/ MARGARITA PALÁU-HERNÁNDEZ	Director
Margarita Paláu-Hernández	

Xerox Holdings Corporation
Schedule II Valuation and Qualifying Accounts

Receivables - Allowance for doubtful accounts:

(in millions)	Balance at beginning of period	Additions charged to bad debt provision (1)	Amounts charged to other income statement accounts (1)	Deductions and other, net of recoveries (2)	Balance at end of period
Year Ended December 31, 2021					
Accounts Receivable	$ 69	$ 8	$ 1	$ (20)	$ 58
Finance Receivables	133	(1)	4	(18)	118
	$ 202	$ 7	$ 5	$ (38)	$ 176
Year Ended December 31, 2020					
Accounts Receivable	$ 55	$ 35	$ —	$ (21)	$ 69
Finance Receivables	89	81	—	(37)	133
	$ 144	$ 116	$ —	$ (58)	$ 202
Year Ended December 31, 2019					
Accounts Receivable	$ 56	$ 18	$ —	$ (19)	$ 55
Finance Receivables	92	28	3	(34)	89
	$ 148	$ 46	$ 3	$ (53)	$ 144

(1) Bad debt provisions relate to estimated losses due to credit and similar collectibility issues. Other charges (credits) relate to adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.

(2) Deductions and other, net of recoveries primarily relates to receivable write-offs, but also includes the impact of foreign currency translation adjustments and recoveries of previously written off receivables.

Deferred Tax Asset Valuation Allowances:

(in millions)	Balance at beginning of period	Additions charged to income tax (benefit) expense	Amounts credited to other accounts (1)	Balance at end of period
Year Ended December 31, 2021	$ 396	(9)	(30)	$ 357
Year Ended December 31, 2020	$ 399	25	(28)	$ 396
Year Ended December 31, 2019	$ 397	16	(14)	$ 399

(1) Reflects other decreases to our valuation allowance, including the effects of currency. These did not affect Income tax (benefit) expense in total as there was a corresponding adjustment to Deferred tax assets or Other comprehensive (loss) income.

Xerox Corporation
Schedule II Valuation and Qualifying Accounts

Receivables - Allowance for doubtful accounts:

(in millions)	Balance at beginning of period	Additions charged to bad debt provision [1]	Amounts charged to other income statement accounts [1]	Deductions and other, net of recoveries [2]	Balance at end of period
Year Ended December 31, 2021					
Accounts Receivable	$ 69	$ 8	$ 1	$ (20)	$ 58
Finance Receivables	133	(1)	4	(18)	118
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Year Ended December 31, 2020					
Accounts Receivable	$ 55	$ 35	$ —	$ (21)	$ 69
Finance Receivables	89	81	—	(37)	133
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(1) Bad debt provisions relate to estimated losses due to credit and similar collectibility issues. Other charges (credits) relate to adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.

(2) Deductions and other, net of recoveries primarily relates to receivable write-offs, but also includes the impact of foreign currency translation adjustments and recoveries of previously written off receivables.

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(in millions)	Balance at beginning of period	Additions charged to income tax (benefit) expense	Amounts credited to other accounts [1]	Balance at end of period
Year Ended December 31, 2021	$ 396	(9)	(30)	$ 357
Year Ended December 31, 2020	$ 399	25	(28)	$ 396
Year Ended December 31, 2019	$ 397	16	(14)	$ 399

(1) Reflects other decreases increases to our valuation allowance, including the effects of currency. These did not affect Income tax (benefit) expense in total as there was a corresponding adjustment to Deferred tax assets or Other comprehensive (loss) income.

Index of Exhibits
Xerox Holdings Corporation
Xerox Corporation
Document and Location

3(a)(1)	Restated Certificate of Incorporation of Xerox Corporation's filed with the Department of State of New York on July 31, 2019.
	Incorporated by reference to Exhibit 3.2 to Xerox Corporation's Report on Form 8-K dated July 31, 2019. See SEC File Number 001-04471.
3(a)(2)	Restated Certificate of Incorporation of Xerox Holdings Corporation filed with the Department of State of New York on July 31, 2019.
	Incorporated by reference to Exhibit 3.2 to Xerox Holdings Corporation's Current Report on Form on Form 8-K dated July 31, 2019. See SEC File Number 001-39013.
3(b)(1)	Amended and Restated By-Laws of Xerox Corporation dated July 22, 2021.
	Incorporated by reference to Exhibit 3.3 to Xerox Holdings Corporation’s and Xerox Corporation’s combined Quarterly Report on Form 10-Q for the quarter ended June 30, 2021. See SEC File Numbers 001-39013 and 001-04471.
3(b)(2)	Amended and Restated By-Laws of Xerox Holdings Corporation dated February 17, 2022.
4(b)(1)	Form of Amended and Restated Credit Agreement dated as of August 9, 2017 ("Credit Agreement") between Xerox Corporation and the Initial Lenders named therein, Citibank, N.A., as Administrative Agent, and Citigroup Global Markets Inc., J.P. Morgan Chase Bank. N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp., Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Joint Lead Arrangers and Joint Bookrunners.
	Incorporated by reference to Exhibit 4(b) to Xerox Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017. See SEC File Number 001-04471.
4(b)(2)	Amendment No. 1 to Credit Agreement, dated as of February 15, 2018, among Xerox Corporation, certain Lenders signatory thereto, and Citibank, N.A., as administrative agent.
	Incorporated by reference to Exhibit 10.1 to Xerox Corporation’s Current Report on Form 8-K dated February 20, 2018. See SEC File Number 001-04471.
4(b)(3)	Amendment No. 2 to Credit Agreement, dated as of July 31, 2019, among Xerox Corporation, Xerox Holdings Corporation, certain Lenders signatory thereto, and Citibank, N.A., as administrative agent.
	Incorporated by reference to Exhibit 4.0 to Xerox Holdings Corporation’s and Xerox Corporation’s combined Quarterly Report on Form 10-Q for the quarter ended June 30, 2019. See SEC File Numbers 001-39013 and 001-04471.
4(b)(4)	Amendment No. 3 to Credit Agreement, dated as of July 31, 2020, among Xerox Corporation, Xerox Holdings Corporation, certain Lenders signatory thereto, and Citibank, N.A., as administrative agent.
	Incorporated by reference to Exhibit 4.1 to Xerox Holdings Corporation's and Xerox Corporation’s combined Current Report on Form 8-K dated August 3, 2020. See SEC File Numbers 001-39013 and 001-04471.
4(c)	Form of Indenture dated as of December 4, 2009 between Xerox Corporation and the Bank of New York Mellon, as trustee, relating to an unlimited amount of senior debt securities.
	Incorporated by reference to Exhibit 4(b)(5) to Post-Effective Amendment No. 1 to Xerox Corporation's Registration Statement No. 333-142900. See SEC File Number 001-04471.
4(d)	Form of Indenture dated August 6, 2020 among Xerox Holdings Corporation, Xerox Corporation and U.S. Bank National Association, as Trustee, with respect to Xerox Holdings Corporation’s 5.000% Senior Notes due 2025.
	Incorporated by reference to Exhibit 4.1 to Xerox Holdings Corporation’s and Xerox Corporation’s combined Current Report on Form 8-K dated August 6, 2020. See SEC File Numbers 001-39013 and 001-04471.
4(e)	Form of Indenture dated August 6, 2020 among Xerox Holdings Corporation, Xerox Corporation and U.S. Bank National Association, as Trustee, with respect to Xerox Holdings Corporation’s 5.500% Senior Notes due 2028.
	Incorporated by reference to Exhibit 4.2 to Xerox Holdings Corporation’s and Xerox Corporation’s combined Current Report on Form 8-K dated August 6, 2020. See SEC File Numbers 001-39013 and 001-04471.

4(f)	Description of Xerox Holdings Corporation Capital Stock. Incorporated by reference to Exhibit 4(d) to Xerox Holdings Corporation's and Xerox Corporation's combined Annual Report on Form 10-K for the fiscal year ended December 31, 2019. See SEC File Numbers 001-39013 and 001-04471.
4(g)	Form of Registration Rights Agreement dated as of April 2021 by and among Xerox Holdings Corporation, Carl C. Icahn and the named Icahn companies. Incorporated by reference to Exhibit 4.1 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the quarter ended March 31, 2021. See SEC File Numbers 001-39013 and 001-04471.
4(h)	Instruments with respect to long-term debt where the total amount of securities authorized thereunder does not exceed 10 percent of the total assets of Xerox Holdings Corporation and/or Xerox Corporation, as applicable, and its subsidiaries on a consolidated basis have not been filed. Xerox Holdings Corporation and/or Xerox Corporation, as applicable, agrees to furnish to the Commission a copy of each such instrument upon request.
10	The management contracts or compensatory plans or arrangements listed below that are applicable to the executive officers named in the Summary Compensation Table which appears in Xerox Holdings Corporation's 2022 Proxy Statement or to our directors are preceded by an asterisk (*).
*10(a)	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 fiscal year ended December 31, 2020. See SEC File Nos. 001-39013 and 001-04471.
*10(b)	Amended Letter Agreement dated April 17, 2019 between Xerox Corporation and Giovanni (John) Visentin. Incorporated by reference to Exhibit 10(b) to Xerox Corporation's Current Report on Form 8-K dated April 17, 2019. See SEC File Number 001-04471.
*10(c)	Compensation Plan Agreement, dated as of July 31, 2019 between Xerox Corporation and Xerox Holdings Corporation. Incorporated by reference to Exhibit 10.1 to Xerox Holdings Corporation's Current Report on Form 8-K Dated July 31, 2019. See SEC File Number 001-39013.
*10(d)(1)	Xerox Corporation's 2004 Equity Compensation Plan for Non-Employee Directors, as amended and restated as of July 31, 2019 ("2004 ECPNED"). Incorporated by reference to Exhibit 10.3 to Xerox Holdings Corporation's Current Report on Form 8-K dated July 31, 2019. See SEC File Number 001-0447139013.
*10(d)(2)	Form of Agreement under 2004 ECPNED. Incorporated by reference to Exhibit 10(d)(2) to Xerox Corporation's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2005. See SEC File Number 001-04471.
*10(d)(3)	Form of Grant Summary under 2004 ECPNED. Incorporated by reference to Exhibit 10(d)(3) to Xerox Corporation's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2005. See SEC File Number 001-04471.
*10(d)(4)	Form of DSU Deferral under 2004 ECPNED. Incorporated by reference to Exhibit 10(d)(4) to Xerox Corporation's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2005. See SEC File Number 001-04471.
*10(d)(5)	Form of Deferred Stock Unit ("DSU") Agreement under 2004 ECPNED. Incorporated by reference to Exhibit 10.13 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(d)(6)	Form of DSU Award Summary under 2004 ECPNED. Incorporated by reference to Exhibit 10.14 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(d)(7)	Form of Restricted Stock Unit ("RSU") Agreement under 2004 ECPNED. Incorporated by reference to Exhibit 10.15 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.

*10(d)(8)	Form of RSU Award Summary under 2004 ECPNED. Incorporated by reference to Exhibit 10.16 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(d)(9)	Xerox Holdings Corporation's 2004 Equity Compensation Plan for Non-Employee Directors, 2021 Amendment and Restatement ("2021 ECPNED") Incorporated by reference to Exhibit 10.1 to Xerox Holdings Corporation's Current Report on Form 8-K dated May 20, 2021. See SEC File Number 001-39013.
*10(d)(10)	Form of Deferred Stock Unit ("DSU") Agreement under 2021 ECPNED. Incorporated by reference to Exhibit 10.9 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended March 31, 2021. See SEC File Nos. 001-39013 and 001-04471.
*10(d)(11)	Form of DSU Award Summary under 2021 ECPNED. Incorporated by reference to Exhibit 10.10 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended March 31, 2021. See SEC File Nos. 001-39013 and 001-04471.
*10(d)(12)	Form of Restricted Stock Unit ("RSU") Agreement under 2021 ECPNED. Incorporated by reference to Exhibit 10.11 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended March 31, 2021. See SEC File Nos. 001-39013 and 001-04471.
*10(d)(13)	Form of RSU Award Summary under 2021 ECPNED. Incorporated by reference to Exhibit 10.12 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended March 31, 2021. See SEC File Nos. 001-39013 and 001-04471.
*10(e)(1)	Xerox Corporation's 2004 Performance Incentive Plan, as amended and restated as of June 30, 2017 ("2017 PIP"). Incorporated by reference to Exhibit 10(e)(1) to Xerox Corporation's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2017. See SEC File Number 001-04471.
*10(e)(2)	Amendment No. 1 dated February 1, 2018 to 2017 PIP. Incorporated by reference to Exhibit 10(e)(18) to Xerox Corporation's Annual Report on Form 10-K for the year ended December 31, 2017. See SEC File Number 001-04471.
*10(e)(3)	Form of Omnibus Award Agreement under PIP; ELTIP; PSU & RSU (ratable). Incorporated by reference to Exhibit 10(e)(32) to Xerox Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2017. See SEC File Number 001-04471.
*10(e)(4)	Form of Award Summary Under PIP; ELTIP; PSU & RSU (ratable). Incorporated by reference to Exhibit 10(e)(33) to Xerox Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2017. See SEC File Number 001-04471.
*10(e)(5)	Form of Omnibus Award Agreement under PIP; ELTIP; RSU (ratable). Incorporated by reference to Exhibit 10(e)(34) to Xerox Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2017. See SEC File Number 001-04471.
*10(e)(6)	Form of Award Summary Under PIP; ELTIP; RSU (ratable). Incorporated by reference to Exhibit 10(e)(35) to Xerox Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2017. See SEC File Number 001-04471.
*10(e)(7)	Form of Omnibus Award Agreement under PIP; ELTIP: Stock Options. Incorporated by reference to Exhibit 10(e)(36) to Xerox Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2017. See SEC File Number 001-04471.
*10(e)(8)	Form of Award Summary under PIP; ELTIP: Stock Options. Incorporated by reference to Exhibit 10(e)(37) to Xerox Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2017. See SEC File Number 001-04471.
*10(e)(9)	Amendment No. 2 dated May 14, 2018 to 2017 PIP. Incorporated by reference to Exhibit 10.5 to Xerox Corporation's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2018. See SEC File Number 001-04471.

*10(e)(10)	Amendment to CEO Option and Performance Share / Restricted Stock Unit Award Agreements. Incorporated by reference to Exhibit 10.7 to Xerox Corporation's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2018. See SEC File Number 001-04471.
*10(e)(11)	Amendment No. 3 dated January 14, 2019 to 2017 PIP. Incorporated by reference to Exhibit 10(e)(42) to Xerox Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018. See SEC File Number 001-04471.
*10(e)(12)	Performance Elements for 2019 Executive Long-Term Incentive Program. Incorporated by reference to Exhibit 10(e)(44) to Xerox Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018. See SEC File Number 001-04471.
*10(e)(13)	Form of Omnibus Award Agreement under PIP; ELTIP; PSU & RSU (ratable). Incorporated by reference to Exhibit 10(e)(45) to Xerox Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018. See SEC File Number 001-04471.
*10(e)(14)	Form of Omnibus Award Agreement under PIP; ELTIP; RSU (ratable). Incorporated by reference to Exhibit 10(e)(46) to Xerox Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018. See SEC File Number 001-04471.
*10(e)(15)	Form of Omnibus Award Agreement under PIP; ELTIP; Stock Options. Incorporated by reference to Exhibit 10.3 to Xerox Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019. See SEC File Number 001-04471.
*10(e)(16)	Xerox Corporation's 2004 Performance Incentive Plan, as amended and restated as of July 31, 2019. Incorporated by reference to Exhibit 10.2 to Xerox Holdings Corporation’s Current Report on Form 8-K dated July 31, 2019. See SEC File No. 001-39013.
*10(e)(17)	Form of Performance Share Unit (“PSU”) Award Agreement under Xerox Corporation 2004 Performance Incentive Plan, as amended. Incorporated by reference to Exhibit 10.3 to Xerox Holdings Corporation’s and Xerox Corporation’s combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(e)(18)	Form of Restricted Stock Unit (“RSU”) Award Agreement under Xerox Corporation 2004 Performance Incentive Plan, as amended. Incorporated by reference to Exhibit 10.4 to Xerox Holdings Corporation’s and Xerox Corporation’s combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(e)(19)	Form of One-Year RSU Agreement under Xerox Corporation 2004 Performance Incentive Plan, as amended. Incorporated by reference to Exhibit 10.5 to Xerox Holdings Corporation’s and Xerox Corporation’s combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(e)(20)	Form of Two-Year RSU Agreement under Xerox Corporation 2004 Performance Incentive Plan, as amended. Incorporated by reference to Exhibit 10.6 to Xerox Holdings Corporation’s and Xerox Corporation’s combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(e)(21)	Form of Three-Year RSU Agreement under Xerox Corporation 2004 Performance Incentive Plan, as amended. Incorporated by reference to Exhibit 10.7 to Xerox Holdings Corporation’s and Xerox Corporation’s combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(e)(22)	Form of Stock Option Agreement under Xerox Corporation 2005 Performance Incentive Plan, as amended. Incorporated by reference to Exhibit 10.8 to Xerox Holdings Corporation’s and Xerox Corporation’s combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.

*10(e)(23)	Form of PSU Award Summary under Xerox Corporation 2004 Performance Incentive Plan, as amended. Incorporated by reference to Exhibit 10.9 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(e)(24)	Form of RSU Award Summaries under Xerox Corporation 2004 Performance Incentive Plan, as amended. Incorporated by reference to Exhibit 10.10 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(e)(25)	Form of Stock Option Award Summary under Xerox Corporation 2004 Performance Incentive Plan, as amended. Incorporated by reference to Exhibit 10.11 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(e)(26)	Performance Elements for 2020 Executive Long-Term Incentive Program. Incorporated by reference to Exhibit 10(e)(43) to Xerox Holdings Corporation's and Xerox Corporation's combined Annual Report on Form 10-K for the fiscal year ended December 31, 2019. See SEC File Numbers 001-39013 and 001-04471.
*10(f)(1)	Xerox Holdings Corporation Performance Incentive Plan ("XHCPIP"). Incorporated by reference to Exhibit 10.1 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated May 28, 2020. See SEC File Numbers 001-39013 and 001-04471.
*10(f)(2)	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; PSU. Incorporated by reference to Exhibit 10.2 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2020. See SEC File Nos. 001-39013 and 001-04471.
*10(f)(3)	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; RSUs (ratable). Incorporated by reference to Exhibit 10.3 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2020. See SEC File Nos. 001-39013 and 001-04471.
*10(f)(4)	Form of Omnibus Award Agreement under XCHPIP: PIP; ELTIP; 1-year RSUs. Incorporated by reference to Exhibit 10.4 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2020. See SEC File Nos. 001-39013 and 001-04471.
*10(f)(5)	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; 2-year RSUs. Incorporated by reference to Exhibit 10.5 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2020. See SEC File Nos. 001-39013 and 001-04471.
*10(f)(6)	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; 3-year RSUs. Incorporated by reference to Exhibit 10.6 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2020. See SEC File Nos. 001-39013 and 001-04471.
*10(f)(7)	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; Stock Options. Incorporated by reference to Exhibit 10.7 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2020. See SEC File Nos. 001-39013 and 001-04471.
*10(f)(8)	Description of Leadership Retention Awards and RSU Awards for 2020. Incorporated by reference to Item 5.02 of Xerox Holdings Corporation's and Xerox Corporation's Current Report on Form 8-K dated November 19, 2020. See SEC File Numbers 001-39013 and 001-04471.
*10(f)(9)	Form of Leadership Retention Award under 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 fiscal year ended December 31, 2020. See SEC File Numbers 001-39013 and 001-04471.

*10(f)(10)	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 fiscal year ended December 31, 2020. See SEC File Numbers 001-39013 and 001-04471.
*10(f)(11)	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 fiscal year ended December 31, 2020. See SEC File Numbers 001-39013 and 001-04471.
*10(f)(12)	Form of PSU Award Summary under XHCPIP. Incorporated by reference to Exhibit 10.9 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(f)(13)	Form of RSU Award Summary under XHCPIP. Incorporated by reference to Exhibit 10.10 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the Quarter ended June 30, 2019. See SEC File Nos. 001-39013 and 001-04471.
*10(f)(14)	Management Incentive Plan for 2021.
*10(f)(15)	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 fiscal year ended December 31, 2020. See SEC File Numbers 001-39013 and 001-04471.
*10(f)(16)	Xerox Holdings Corporation Performance Incentive Plan, as amended through October 21, 2021. Incorporated by reference to Exhibit 10.1 to Xerox Holdings Corporation's and Xerox Corporation's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2021. See SEC File Numbers 001-39013 and 001-04471.
*10(f)(17)	Form of E-LTIP Performance Share Unit ("PSU") Award Agreement (2022) under XHCPIP.
*10(f)(18)	Form of E-LTIP Restricted Stock Unit ("RSU") Graduated-Vesting Award Agreement (2022) under XHCPIP.
*10(f)(19)	Form of E-LTIP RSU Cliff-Vesting Award Agreement (2022) under XHCPIP.
*10(f)(20)	Form of International Appendix to E-LTIP PSU and RSU Award Agreements (2022) under XHCPIP.
*10(f)(21)	Management Incentive Plan for 2022.
*10(f)(22)	Performance Elements for 2022 Executive Long-Term Incentive Program.
*10(g)	Compensation Terms for Xavier Heiss, Chief Financial Officer, effective January 1, 2021. Incorporated by reference to Item 5.02 of Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated December 10, 2020. See SEC File Numbers 001-39013 and 001-04471.
*10(h)	Uniform Rule dated December 17, 2008 for all Deferred Compensation Promised by Xerox Corporation. Incorporated by reference to Exhibit 10(r) to Xerox Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. See SEC File Number 001-04471.
10(i)	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 Current Report on Form 8-K dated January 26, 2021. See SEC File Numbers 001-39013 and 001-04471.
10(j)	Nomination and Standstill Agreement, dated as of January 26, 2021, by and between Xerox Holdings Corporation and Darwin Deason. Incorporated by reference to Exhibit 10.2 to Xerox Holdings Corporation's and Xerox Corporation's Current Report on Form 8-K dated January 26, 2021. See SEC File Numbers 001-39013 and 001-04471.
21	Subsidiaries of Registrant.
23(a)	Consent of PricewaterhouseCoopers LLP re Xerox Holdings Corporation.

23(b)	Consent of PricewaterhouseCoopers LLP re Xerox Corporation.
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. §1350 as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification of Xerox Corporation CEO and CFO pursuant to 18 U.S.C. §1350 as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from Xerox Holdings Corporation and Xerox Corporation's combined Annual Report on Form 10-K for the year ended December 31, 2021 was formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Xerox Holdings Corporation Consolidated Statements of (Loss) Income, (ii) Xerox Holdings Corporation Consolidated Statements of Comprehensive (Loss) Income, (iii) Xerox Holdings Corporation Consolidated Balance Sheets, (iv) Xerox Holdings Corporation Consolidated Statements of Cash Flows, (v) Xerox Holdings Corporation Consolidated Statements of Shareholders' Equity (vi) Xerox Corporation Consolidated Statements of (Loss) Income, (vii) Xerox Corporation Consolidated Statements of Comprehensive (Loss) Income, (viii) Xerox Corporation Consolidated Balance Sheets, (ix) Xerox Corporation Consolidated Statements of Cash Flows, (xi) Xerox Corporation Consolidated Statements of Shareholder's Equity and (xii) Notes to the Consolidated Financial Statements.
104	The cover page of this Annual Report on Form 10-K, formatted in iXBRL (Inline eXtensible Business Reporting Language) and contained in Exhibit 101.

EXHIBIT 3(b)(2)

AMENDED AND RESTATED BY-LAWS
of
XEROX HOLDINGS CORPORATION

February 17, 2022

ARTICLE I

MEETINGS OF STOCKHOLDERS

Section 1. Annual Meetings.

A meeting of shareholders entitled to vote shall be held for the election of Directors and the transaction of other business each year in such month and on such day (except a Saturday, Sunday, or holiday) as determined by the Board of Directors.

Section 2. Special Meetings.

(a) Unless otherwise required by statute or by the Certificate of Incorporation, special meetings of shareholders ("Special Meetings"), for any purpose or purposes, may be called by either (i) the Board of Directors or (ii) in accordance with Section 2(b), the Secretary. At a Special Meeting, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto).

(b) Subject to the provisions of this Section 2(b) and all other applicable sections of these By-Laws, a Special Meeting shall be called by the Secretary upon written request (a "Special Meeting Request") of one or more record holders of shares of voting stock of the Company representing not less than twenty percent (20%) of the Company's issued and outstanding voting stock (the "Requisite Percentage"). The Board of Directors shall determine in good faith whether all requirements set forth in this Section 2(b) have been satisfied and such determination shall be binding on the Company and its shareholders.

(i) A Special Meeting Request must be delivered to the attention of, or sent by registered mail and received by, the Secretary at the principal executive offices of the Company. A Special Meeting Request shall be valid only if it is signed and dated by each shareholder of record submitting the Special Meeting Request, or such shareholder's duly authorized agent (each, a "Requesting Shareholder"), collectively representing the Requisite Percentage, and includes (A) a statement of the specific purpose(s) of the Special Meeting and the reasons for conducting such business at the Special Meeting, (B) as to any director nominations proposed to be presented at the Special Meeting, and any matter (other than a director nomination) proposed to be conducted at the Special Meeting, and as to each Requesting Shareholder, the information, statements, representations, agreements and other documents that would be required to be set forth in or included with a shareholder's notice of a nomination or proposal pursuant to Section 6 of this Article 1, (C) a representation that each Requesting Shareholder, or one or more representatives of each such shareholder, intends to appear in person or by proxy at the Special Meeting to present the proposal(s) or business to be brought before the Special Meeting, (D) an agreement by each Requesting Shareholder to notify the Company promptly in the event of any disposition prior to the record date for the Special Meeting of any shares of voting stock of the Company owned of record or beneficially, and an acknowledgement that any such disposition shall be deemed to be a revocation of such Special Meeting Request to the extent such disposition causes the Requisite Percentage to no longer be satisfied, (E) the number and type of shares of voting stock owned beneficially or of record by each such Requesting Shareholder, and (F) documentary evidence that the Requesting Shareholders in the aggregate own, beneficially and of record, the Requisite Percentage as of the date on which the Special Meeting Request is delivered to the Secretary. In addition, the Requesting Shareholders shall (x) further update and supplement the information provided in the Special Meeting Request, if necessary, so that all information provided or required to be provided therein shall be true and correct as of the record date for the Special Meeting, and such update and supplement (or a written certification that no such updates or supplements are necessary and that the information previously provided remains true and correct as of the record date) shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Company not later than five (5) business days after the record date for the Special Meeting and (y) promptly provide any other information reasonably requested by the Company.

(ii) A Special Meeting Request shall not be valid, and a Special Meeting requested by shareholders shall not be held, if (A) the Special Meeting Request does not comply with this Section 2(b), (B) the Special Meeting Request relates to an item of business that is not a proper subject for shareholder action under applicable law (as determined in good faith by the Board of Directors), (C) the Special Meeting Request is delivered during the period commencing one hundred and twenty (120) days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the earlier of (x) the date of the next annual meeting and (y) thirty (30) days after the first anniversary of the date of the previous annual meeting, (D) an identical or substantially similar item (as determined in good faith by the Board of Directors, a "Similar Item"), other than the election of directors, was presented at an annual meeting or Special Meeting held not more than twelve (12) months before the Special Meeting Request is delivered, (E) a Similar Item was presented at an annual meeting or Special Meeting held not more than one hundred and twenty (120) days before the Special Meeting Request is delivered (and, for purposes of this clause (E), the election of directors shall be deemed to be a "Similar Item" with respect to all items of business involving the election or removal of directors, changing the size of the Board of Directors and the filling of vacancies and/or newly created directorships resulting from any increase in the authorized number of directors), (F) a Similar Item is included in the Company's notice of meeting as an item of business to be brought before an annual meeting or Special Meeting that has been called but not yet held or that is called for a date within one hundred and twenty (120) days of the receipt by the Company of a Special Meeting Request, or (G) the Special Meeting Request was made in a manner that involved a violation of Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or other applicable law.

(iii) Special Meetings called pursuant to this Section 2(b) shall be held at such place, on such date, and at such time as the Board of Directors shall fix; provided, however, that the Special Meeting shall not be held more than one hundred and twenty (120) days after receipt by the Company of a valid Special Meeting Request.

(iv) The Requesting Shareholders may revoke a Special Meeting Request by written revocation delivered to the Secretary at the principal executive offices of the Company at any time prior to the Special Meeting. If, at any point following the earliest dated Special Meeting Request, the unrevoked requests from Requesting Shareholders (whether by specific written revocation or deemed revocation pursuant to clause (D) of Section 2(b)(i)), represent in the aggregate less than the Requisite Percentage, the Board of Directors, in its discretion, may cancel the Special Meeting.

(v) In determining whether a Special Meeting has been requested by the Requesting Shareholders representing in the aggregate at the least the Requisite Percentage, multiple Special Meeting Requests delivered to the Secretary will be considered together only if (A) each Special Meeting Request identifies substantially the same purpose or purposes of the Special Meeting and substantially the same matters proposed to be acted on at the Special Meeting, in each case as determined by the Board of Directors (which, if such purpose is the election or removal of directors, changing the size of the Board of Directors and/or the filling of vacancies and/or newly created directorships resulting from any increase in the authorized number of directors, will mean that the exact same person or persons are proposed for election or removal in each relevant Shareholder Meeting Request), and (B) such Special Meeting Requests have been dated and delivered to the Secretary within sixty (60) days of the earliest dated Special Meeting Request.

(vi) If none of the Requesting Shareholders appear or send a duly authorized agent to present the business to be presented for consideration specified in the Special Meeting Request, the Company need not present such business for a vote at the Special Meeting, notwithstanding that proxies in respect of such matter may have been received by the Company.

(vii) Business transacted at any Special Meeting called pursuant to this Section 2(b) shall be limited to (A) the purpose(s) stated in the valid Special Meeting Request received from the Requisite Percentage of record holders, and (B) any additional matters that the Board of Directors determines to include in the Company's notice of the Special Meeting.

Notice of any Special Meeting called pursuant to this Section 2(b) shall be delivered in accordance with Section 4 of this Article 1.

Section 3. Place of Meetings.

Meetings of shareholders shall be held at the principal office of the Company or at such other place, within or without the State of New York, as may be fixed by the Board of Directors.

Section 4. Notice of Meetings:

(a) Notice of each meeting of shareholders shall be in writing and shall state the place, date and hour of the meeting. Notice of a Special Meeting shall state the purpose or purposes for which it is being called and shall also indicate that it is being issued by or at the direction of the person or persons calling the meeting. If, at any meeting, action is proposed to be taken which would, if taken, entitle shareholders, fulfilling the requirements of Section 623 of the Business Corporation Law to receive payment for their shares, the notice of such meeting shall include a statement of that purpose and to that effect.

(b) A copy of the notice of any meeting shall be given, personally, electronically or by mail, not less than ten nor more than sixty days before the date of the meeting, to each shareholder entitled to vote at such meeting. If mailed, such notice is given when deposited in the United States mail, with postage thereon prepaid, directed to the shareholder at his or her address as it appears on the record of shareholders, or, if he or she shall have filed with the Secretary a written request that notices to him or her be mailed to some other address, then directed to him or her at such other address.

(c) Notice of meeting need not be given to any shareholder who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him or her.

Section 5. Quorum and Adjourned Meetings:

(a) At any Annual or Special Meeting the holders of a majority of the votes of shares entitled to vote thereat, present in person or by proxy, shall constitute a quorum for the transaction of any business, provided that when a specified item of business is required to be voted on by a class or series, voting as a class, the holders of a majority of the votes of shares of such class or series shall constitute a quorum for the transaction of such specified item of business. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.

(b) Despite the absence of a quorum, the shareholders present may adjourn the meeting to another time and place, and it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. If after the adjournment, however, the Board of Directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder on the new record date entitled to notice under Section 4 of this Article I of the By-Laws.

Section 6. Nominations and Business at Meetings.

At any annual meeting of shareholders, only persons who are nominated in accordance with the procedures set forth in this Section 6 or Section 13 of this Article I, or business which is proposed in accordance with the procedures set forth in this Section 6 shall be eligible for election as Directors or considered for action by shareholders. Nominations of persons for election to the Board of Directors of the Company may be made or business proposed at a meeting of shareholders (i) by or at the direction of the Board of Directors, (ii) by any shareholder of the Company entitled to vote at the meeting who complies with the notice and other procedures set forth in this Section 6 and (iii) by any shareholder of the Company who complies with the notice and other procedures and requirements set forth in Section 13 of this Article I. Such nominations or business proposals, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Company and such business proposals must, under applicable law, be a proper matter for shareholder action. To be timely, a shareholder's notice shall be delivered to or mailed and received at the principal executive offices of the Company not less than 120 days nor more than 150 days in advance of the date which is the anniversary of the date the Company's proxy statement was released to security holders in connection with the previous year's annual meeting; provided, that, if the Company did not hold such previous year's annual meeting or if the anniversary date of the current year's annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting, then such shareholder's notice shall be so delivered or mailed and received within a reasonable time before the Company begins to print and mail its proxy statement; provided, further, however, that for purposes of calculating the timeliness of shareholder notices for the Company's annual meeting to be held during calendar year 2020, the date the Company's proxy statement was released to security holders in connection with the previous year's annual meeting shall be deemed to be April 23, 2019.

Such shareholder's notice shall set forth (a) as to each person whom such shareholder proposes to nominate for election or reelection as a Director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected); (b) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of such person on whose behalf such proposal is made; and (c) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such shareholder, as they appear on the Company's books and (ii) the class and number of shares of the Company which are beneficially owned by such shareholder. No person shall be eligible for election as a Director of the Company and no business shall be conducted at the annual meeting of shareholders unless nominated or proposed in accordance with the procedures set forth in this Section 6 or Section 13 of this Article I, as applicable. The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination or proposal was not made in accordance with the provisions of this Section 6 or Section 13 of this Article I and, if he or she should so determine, he or she shall so declare to the meeting and the defective nomination or proposal shall be disregarded.

Section 7. Organization.

At every meeting of the shareholders, the Chairman of the Board, or in his or her absence, the Chief Executive Officer, or in his or her absence, the President, or in his or her absence, a person selected by a majority of the Directors present at the meeting, shall act as chairman of the meeting. The Secretary or, in his or her absence, an Assistant Secretary shall act as secretary of the meeting, and in the absence of both the Secretary and an Assistant Secretary, a person selected by a majority of the Directors present at the meeting shall act as secretary of the meeting.

Section 8. Voting:

(a) Whenever any corporate action is to be taken by vote of the shareholders, it shall, except as otherwise required by law or by the Certificate of Incorporation be authorized by a majority of the votes cast in favor of or against such action at a meeting of shareholders by the holders of shares entitled to vote thereon. An abstention shall not constitute a vote cast.

(b) In an uncontested election, any incumbent nominees for director who receives a greater number of votes cast against his or her election than in favor of his or her election shall tender his or her resignation promptly after such election. The independent Directors shall then decide, based on the relevant facts and circumstances, whether to accept or reject the resignation. The Board's explanation of its decision shall be promptly disclosed on Form 8-K filed with the Securities and Exchange Commission.

Section 9. Qualification of Voters:

(a) Except as otherwise provided in the Certificate of Incorporation, every shareholder of record of Common Stock and Series A Convertible Perpetual Voting Preferred Stock of the Company shall be entitled at every meeting of such shareholders to one vote for every share of Common Stock and Series A Convertible Perpetual Voting Preferred Stock, respectively, standing in his or her name on the record of shareholders.

(b) Shares of stock belonging to the Company and shares held by another domestic or foreign corporation of any type or kind, if a majority of the shares entitled to vote in the election of directors of such other corporation is held by the Company, shall not be shares entitled to vote or to be counted in determining the total number of outstanding shares.

(c) Shares held by an administrator, executor, guardian, conservator, committee, or other fiduciary, except a trustee, may be voted by him or her, either in person or by proxy, without transfer of such shares into his or her name. Shares held by a trustee may be voted by him or her, either in person or by proxy, only after the shares have been transferred into his or her name as trustee or into the name of his or her nominee.

(d) Shares standing in the name of another domestic or foreign corporation of any type or kind may be voted by such officer, agent or proxy as the By-Laws of such corporation may provide, or in the absence of such provision, as the Board of Directors of such corporation may provide.

Section 10. Proxies:

(a) Every shareholder entitled to vote at a meeting of shareholders or to express consent or dissent without a meeting may authorize another person or persons to act for him or her by proxy.

(b) No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided by law.

(c) The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the shareholder who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the Secretary or an Assistant Secretary.

(d) Without limiting the manner in which a shareholder may authorize another person or persons to act for him or her as proxy pursuant to paragraph (a) of this Section, the following shall constitute a valid means by which a shareholder may grant such authority:

(1) A shareholder may execute a writing authorizing another person or persons to act for him or her as proxy. Execution may be accomplished by the shareholder or the shareholder’s authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature.

(2) A shareholder may authorize another person or persons to act for the shareholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be reasonably determined that the telegram, cablegram or other electronic transmission was authorized by the shareholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors shall specify the nature of the information upon which they relied.

(e) Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to paragraph (d) of this Section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile, telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 11. Inspectors of Election:

(a) The Board of Directors, in advance of any shareholders' meeting, shall appoint one or more inspectors to act at the meeting or any adjournment thereof. The Board of Directors may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed, or if such persons are unable to act at a meeting of shareholders, the person presiding at a shareholders' meeting shall appoint one or more inspectors. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability.

(b) The inspectors shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or any shareholder entitled to vote thereat, the inspectors shall make a report in writing of any challenge, question or matter determined by them and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated and of the vote as certified by them.

Section 12. List of Shareholders at Meetings.

A list of shareholders as of the record date, certified by the Secretary or by the transfer agent, shall be produced at any meeting of shareholders upon the request thereat or prior thereto of any shareholder. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

Section 13. Proxy Access:

(a) Whenever the Board of Directors solicits proxies with respect to the election of directors at an annual meeting of shareholders (following the 2020 annual meeting of shareholders), subject to the provisions of this Section 13, the Company shall include in its proxy materials for such annual meeting, in addition to any persons nominated for election by or at the direction of the Board of Directors (or any duly authorized committee thereof), the name, together with the Required Information (as defined below), of any person nominated for election (the "***Shareholder Nominee***") to the Board of Directors by a shareholder or group of no more than twenty (20) shareholders (counting as one shareholder, for this purpose, (i) any funds under common management and investment control, (ii) any funds under common management and funded primarily by the same employer or (iii) a "group of investment companies," as defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended (or any successor rule)) that satisfies the requirements of this Section 13 (the "***Eligible Shareholder***") and that expressly elects at the time of providing the notice required by this Section 13 to have such nominee included in the Company's proxy materials pursuant to this Section 13. Should any Eligible Shareholder cease to satisfy the eligibility requirements in this Section 13, as determined by the Board of Directors, or withdraw from a group of Eligible Shareholders seeking to make a nomination hereunder at any time prior to the annual meeting of shareholders, such group of Eligible Shareholders shall be deemed to own only the shares held by the remaining Eligible Shareholders. For purposes of this Section 13, the "***Required Information***" is (i) the information provided to the Secretary of the Company concerning the Shareholder Nominee and the Eligible Shareholder that the Company determines is required to be disclosed in the Company's proxy statement pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder, and (ii) if the Eligible Shareholder so elects, a Supporting Statement (as defined in Article I, Section 13(g) hereof). Subject to the provisions of this Section 13, the name of any Shareholder Nominee included in the Company's proxy statement for an annual meeting of shareholders shall also be set forth on the form of proxy distributed by the Company in connection with such annual meeting. For the avoidance of doubt, and any other provision of these By-Laws notwithstanding, the Company may in its sole discretion solicit against, and include in the proxy statement its own statements or other information relating to, any Eligible Shareholder and/or Shareholder Nominee. This Section 13 provides the exclusive method for a shareholder to include nominees for election to the Board of Directors in the Company's proxy materials.

(b) In addition to any other applicable requirements, for a Shareholder Nominee to be eligible for inclusion in the Company's proxy materials pursuant to this Section 13, the Eligible Shareholder must give timely notice of such nomination (the "***Notice of Proxy Access Nomination***") in proper written form to the Secretary of the Company. To be timely, the Notice of Proxy Access Nomination shall be delivered to or mailed and received at the principal executive offices of the Company not less than 120 days nor more than 150 days in advance of the date which is the anniversary of the date the Company's proxy statement was released to security holders in connection with the previous year's annual meeting; provided, that, if the Company did not hold such previous year's annual meeting or if the anniversary date of the current year's annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting, then such shareholder's notice shall be so delivered or mailed and received within a reasonable time before the Company begins to print and mail its proxy statement. In no event shall an adjournment of an annual meeting, or the postponement of an annual meeting for which notice has been given, commence a new time period for the giving of an Eligible Shareholder's Notice of Proxy Access Nomination pursuant to this Section 13.

(c) The maximum number of Shareholder Nominees nominated by all Eligible Shareholders that will be included in the Company's proxy materials with respect to an annual meeting of shareholders shall be the greater of (i) two (2) or (ii) twenty percent (20%) of the number of directors in office as of the last day on which a Notice of Proxy Access Nomination may be delivered pursuant to and in accordance with this Section 13 (the "***Final Proxy Access Nomination Date***") or, if such amount is not a whole number, the closest whole number below twenty percent (20%) (such number, as it may be adjusted pursuant to this Section 13(c), the "***Permitted Number***"). In the event that one or more vacancies occurs on the Board of Directors for any reason after the Final Proxy Access Nomination Date but on or before the date of the annual meeting and the Board of Directors resolves to reduce the number of directors on the Board of Directors in connection therewith, the Permitted Number shall be calculated based on the number of directors on the Board of Directors as so reduced. For purposes of determining when the Permitted Number has been reached, each of the following persons shall be counted as one of the Shareholder Nominees: (i) any individual submitted by an Eligible Shareholder for inclusion in the Company's proxy materials pursuant to this Section 13 whose nomination is subsequently withdrawn, (ii) any individual submitted by an Eligible Shareholder for inclusion in the Company's proxy materials pursuant to this Section 13 whom the Board of Directors decides to nominate for election to the Board of Directors, (iii) the number of nominees recommended by the Board of Directors who will be included in the Company's proxy materials pursuant to an agreement, arrangement or other understanding with a shareholder or group of shareholders (other than any such agreement, arrangement or understanding entered into in connection with an acquisition of stock from the Company by such shareholder or group of shareholders); and (iv) any director on the Board of Directors as of the Final Proxy Access Nomination Date who was included in the Company's proxy materials as a Shareholder Nominee for any of the two (2) preceding annual meetings of shareholders (including any individual counted as a Shareholder Nominee pursuant to the preceding clause (ii)) and whom the Board of Directors decides to nominate for re-election to the Board of Directors. Any Eligible Shareholder submitting more than one Shareholder Nominee for inclusion in the Company's proxy materials pursuant to this Section 13 shall rank such Shareholder Nominees based on the order in which the Eligible Shareholder desires such Shareholder Nominees to be selected for inclusion in the Company's proxy materials in the event that the total number of Shareholder Nominees submitted by Eligible Shareholders pursuant to this Section 13 exceeds the Permitted Number. In the event that the number of Shareholder Nominees submitted by Eligible Shareholders pursuant to this Section 13 exceeds the Permitted Number, the highest ranking Shareholder Nominee who meets the requirements of this Section 13 from each Eligible Shareholder will be selected for inclusion in the Company's proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of shares of common stock of the Company each Eligible Shareholder disclosed as owned in its Notice of Proxy Access Nomination. If the Permitted Number is not reached after the highest ranking Shareholder Nominee who meets the requirements of this Section 13 from each Eligible Shareholder has been selected, then the next highest ranking Shareholder Nominee who meets the requirements of this Section 13 from each Eligible Shareholder will be selected for inclusion in the Company's proxy materials, and this process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached.

(d) In order to make a nomination pursuant to this Section 13, an Eligible Shareholder must have owned (as defined below) at least three percent (3%) of the outstanding common stock of the Company as of the most recent date for which such amount is given in any filing by the Company with the Securities and Exchange Commission prior to the submission of the Notice of Proxy Access Nomination (the "***Required Shares***") continuously for at least three (3) years (the "***Minimum Holding Period***") as of both the date the Notice of Proxy Access Nomination is received by the Secretary of the Company in accordance with this Section 13 and the record date for the determination of shareholders entitled to vote at the annual meeting, and must continue to own the Required Shares through the date of the annual meeting. For purposes of this Section 13, an Eligible Shareholder shall be deemed to "own" only those outstanding shares of common stock of the Company as to which the shareholder possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit from and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (x) sold by such shareholder or any of its affiliates in any transaction that has not been settled or closed, (y) borrowed by such shareholder or any of its affiliates for any purposes or purchased by such shareholder or any of its affiliates pursuant to an agreement to resell or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar instrument or agreement entered into by such shareholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding common stock of the Company, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such shareholder's or its affiliates' full right to vote or direct the voting of any such shares or (2) hedging, offsetting or altering to any degree any gain or loss realized or realizable from maintaining the full economic ownership of such shares by such shareholder or affiliate, but not including any hedging across a broad multi-industry investment portfolio solely with respect to currency risk, interest-rate risk or, using a broad index-based hedge, equity risk. A shareholder shall "own" shares held in the name of a nominee or other intermediary so long as the shareholder retains the right to instruct how the shares are voted with respect to the election of directors and the right to direct the disposition of the shares and possesses the full economic interest in the shares. A shareholder's ownership of shares shall be deemed to continue during any period in which (i) the shareholder has loaned such shares, provided that the shareholder has the power to recall such loaned shares before the record date for the meeting and includes in its Notice of Proxy Access Nomination an agreement that it (A) will promptly recall such loaned shares promptly (and in any case prior to the record date for the meeting) upon being notified by the Company that any of its Shareholder Nominees will be included in the Company's proxy materials and (B) will continue to hold such shares through the date of the annual meeting or (ii) the shareholder has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement that is revocable at any time by the shareholder. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings. For purposes of this Section 13, the term "affiliate" or "affiliates" shall have the meaning ascribed thereto under the General Rules and Regulations under the Exchange Act.

(e) To be in proper written form for purposes of this Section 13, the Notice of Proxy Access Nomination must include or be accompanied by the following:

(i) a written statement by the Eligible Shareholder certifying as to the number of shares it owns and has owned (as defined in Article I, Section 13(d) hereof) continuously during the Minimum Holding Period;

(ii) one or more written statements from the record holder of the Required Shares (and from each intermediary through which the Required Shares are or have been held during the Minimum Holding Period) verifying that, as of a date within seven (7) days prior to the date the Notice of Proxy Access Nomination is received by the Secretary of the Company, the Eligible Shareholder owns, and has owned continuously for the Minimum Holding Period, the Required Shares, and the Eligible Shareholder's agreement to provide to the Secretary of the Company (A) within ten (10) days after (1) the record date to determine the shareholders entitled to vote at the annual meeting (if, prior to the record date, the Company (i) has made a public announcement of such record date or (ii) delivered a written notice of the record date (including by electronic mail) to the Eligible Shareholder) or (2) the date on which the Company delivers to the Eligible Shareholder written notice (including by electronic mail) of the record date (if such notice is provided after the record date), one or more written statements from the record holder and such intermediaries verifying the Eligible Shareholder's continuous ownership of the Required Shares through the record date and (B) immediate notice if the Eligible Shareholder ceases to own any of the Required Shares prior to the date of the annual meeting;

(iii) a copy of the Schedule 14N that has been or is concurrently being filed with the United States Securities and Exchange Commission as required by Rule 14a-18 under the Exchange Act;

(iv) the information, consent, agreements and documents that would be required to be submitted pursuant to a shareholder's notice of a nomination pursuant to Article I, Section 6 of these By-Laws, together with the written consent of each Shareholder Nominee to being named in the proxy statement as a nominee and to serving as a director of the Company, if elected;

(v) a representation and agreement that the Eligible Shareholder (A) will continue to hold the Required Shares through the date of the annual meeting, (B) acquired the Required Shares in the ordinary course of business and neither acquired, nor owns, any shares of common stock of the Company for the purpose or with the effect of influencing or changing control of the Company, and does not presently have such intent, (C) has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than the Shareholder Nominee(s) it is nominating pursuant to this Section 13, (D) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1 (1) under the Exchange Act in support of the election of any person as a director at the annual meeting other than its Shareholder Nominee(s) or a nominee of the Board of Directors, (E) has not distributed and will not distribute to any shareholder of the Company any form of proxy for the annual meeting other than the form distributed by the Company, (F) has complied and will comply with all laws and regulations applicable to solicitations and the use, if any, of soliciting material in connection with the annual meeting, and (G) has provided and will provide facts, statements and other information in all communications with the Company and its shareholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(vi) an undertaking that the Eligible Shareholder agrees to (A) assume all liability resulting from any legal or regulatory violation arising out of the Eligible Shareholder's communications with the shareholders of the Company or relating to the information that the Eligible Shareholder provided to the Company, (B) indemnify and hold harmless the Company and each of its directors, officers and employees individually from and against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Company or any of its directors, officers or employees relating to any legal or regulatory violation arising out of the Eligible Shareholder's communications with shareholders of the Company or relating to the information that the Eligible Shareholder provided to the Company or arising out of any activity by the Eligible Shareholder in connection with any such nomination and (C) file with the Securities and Exchange Commission any solicitation materials relating to the meeting at which its Shareholder Nominee(s) will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation materials under Regulation 14A of the Exchange Act;

(vii) in the case of a nomination by a group of shareholders together constituting an Eligible Shareholder; the designation by all group members of one member of the group that is authorized to receive communications, notices and inquiries from the Company and to act on behalf of all members of the group with respect to all matters relating to the nomination under this Section 13 (including withdrawal of the nomination);

(viii) in the case of a nomination by a group of shareholders together constituting an Eligible Shareholder, documentation reasonably satisfactory to the Company that demonstrates that each of the funds included within a group counted as one shareholder satisfies the requirements set forth in Article I, Section 13(a);

(ix) information as necessary to permit the Board of Directors to determine whether or not the Shareholder Nominee (A) is independent under the listing standards of the principal U.S. exchange upon which the Common Stock of the Company is listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the Board of Directors in determining and disclosing independence of the Company's directors, (B) meets the audit committee independence requirements under the rules of any stock exchange on which the Company's securities are traded and applicable securities laws, (C) is a "non-employee director" for the purposes of Rule 16b-3 under the Exchange Act (or any successor rule) and (D) is an "outside director" for the purposes of Section 162(m) of the Internal Revenue Code (or any successor provision)(collectively, the "**Independence Standards**");

(x) a written representation and agreement, in the form provided by the Secretary of the Company, that the Shareholder Nominee will (A) comply, in his or her individual capacity, if elected as a director, with the Company's Corporate Governance Guidelines, corporate policies, corporate directives, and policies and guidelines regarding conflicts of interest, confidentiality, stock ownership and trading, any other codes of conduct, codes of ethics, policies and guidelines of the Company or any rules, regulations and listing standards, in each case as applicable to the Company's directors; (B) promptly, but in any event within ten (10) business days after such request, provide to the Company such other information and certifications, including completion of the Company's director nominee questionnaire, as the Company may reasonably request; and (C) at the reasonable request of the Board of Directors, any committee of the Board of Directors or any officer of the Company, meet with the Board of Directors, any committee of the Board of Directors or any officer of the Company to discuss matters relating to the nomination of such Shareholder Nominee to the Board of Directors, including the information provided by such Shareholder Nominee to the Company in connection with his or her nomination and such Shareholder Nominee's eligibility to serve as a member of the Board of Directors;

(xi) a written representation and agreement that the Shareholder Nominee is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Company, will act or vote on any issue or question, (B) any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director, in each case, unless the terms of such agreement, arrangement or understanding have been disclosed to the Company or (C) any voting commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Company, with such person's fiduciary duties under applicable law; and

(xii) an irrevocable letter of resignation signed by the Shareholder Nominee providing that such resignation shall become effective upon a determination by the Board of Directors or any committee thereof that (A) the information provided to the Company or its shareholders with respect to such Shareholder Nominee or the Eligible Shareholder that nominated such Shareholder Nominee pursuant to this Section 13 or any other provision of these By-Laws was untrue in any material respect or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or (B) such Shareholder Nominee or the Eligible Shareholder that nominated such Shareholder Nominee pursuant to this Section 13 failed to comply with any obligation owed to the Company or breached any representation made under or pursuant to these By-Laws.

(f) In addition to the information required pursuant to Section 13(e) or any other provision of these By-Laws, the Company may require (i) any proposed Shareholder Nominee to furnish any other information that (A) may reasonably be required by the Company to determine that the Shareholder Nominee would be independent under the Independence Standards, (B) could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such Shareholder Nominee or (C) may reasonably be required by the Company to determine the eligibility of such Shareholder Nominee to serve as a director of the Company and (ii) the Eligible Shareholder to furnish any other information that may reasonably be required by the Company to verify the Eligible Shareholder's continuous ownership of the Required Shares for the Minimum Holding Period.

(g) The Eligible Shareholder may, at its option, provide to the Corporate Secretary, at the time the Notice of Proxy Access Nomination is provided, a written statement, not to exceed five hundred (500) words, in support of each Shareholder Nominee's candidacy (a "Supporting Statement") for inclusion in the Company's proxy materials for the annual meeting. Only one Supporting Statement may be submitted by an Eligible Shareholder (including any group of shareholders together constituting an Eligible Shareholder) in support of each of the Shareholder Nominee. Notwithstanding anything to the contrary contained in this Section 13, the Company may omit from its proxy materials any information or Supporting Statement (or portion thereof) that it, in good faith, believes is materially false or misleading, omits to state any material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, or would violate any applicable law or regulation.

(h) In the event any information or communications provided by an Eligible Shareholder or a Shareholder Nominee to the Company or its shareholders ceases to be true and correct in all material respects or omits to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, such Eligible Shareholder or Shareholder Nominee, as the case may be, shall promptly notify the Corporate Secretary of any defect in such previously provided information and of the information that is required to correct any such defect. In addition, any person providing any information to the Company pursuant to this Section 13 shall further update and supplement such information, if necessary, so that all such information shall be true and correct as of the record date for the determination of shareholders entitled to vote at the annual meeting and as of the date of the annual meeting, and such update and supplement shall be delivered to, or mailed and received at, the principal executive offices of the Company not later than ten (10) days after the record date for the determination of shareholders entitled to vote at the annual meeting.

(i) Notwithstanding anything to the contrary contained in this Section 13, the Company shall not be required to include, pursuant to this Section 13, a Shareholder Nominee in its proxy materials, or, if the proxy statement has already been filed, to allow the nomination of a Shareholder Nominee, notwithstanding that proxies in respect of such vote have been received by the Company: (i) for any annual meeting of shareholders for which the Corporate Secretary receives notice (whether or not subsequently withdrawn) that the Eligible Shareholder or any other shareholder proposes to nominate one or more persons for election to the Board of Directors pursuant to the advance notice requirements for shareholder nominees set forth in Article I, Section 6, (ii) if the Eligible Shareholder who has nominated such Shareholder Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1 (1) under the Exchange Act in support of the election of any person as a director at the annual meeting other than its Shareholder Nominee(s) or a nominee of the Board of Directors, (iii) who would not be an independent director under the Independence Standards, (iv) whose election or service as a member of the Board of Directors would cause the Company to be in violation of these By-Laws, the Certificate of Incorporation of the Company, the rules and listing standards of the principal United States securities exchanges upon which the common stock of the Company is listed or traded, or any applicable state or federal law, rule or regulation, (v) who was nominated for election to the Board of Directors pursuant to this Section 13 at any one of the Company's two (2) preceding annual meetings and either withdrew or became ineligible or unavailable or did not receive a number of affirmative votes cast in favor of his or her election at least equal to twenty-five percent (25%) of the votes cast at such annual meeting, (vi) who is or has been, within the three (3) years preceding the date on which the Notice of Proxy Access Nomination is delivered, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, (vii) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the ten (10) years preceding the date on which the Notice of Proxy Access Nomination is delivered, (viii) who is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended, (ix) if such Shareholder Nominee is a director, trustee, officer or employee with management functions for any depository institution, depository institution holding company or entity that has been designated as a Systemically Important Financial Institution, each as defined in the Depository Institution Management Interlocks Act, (x) if such Shareholder Nominee or the applicable Eligible Shareholder shall have provided any information to the Company or its shareholders in respect of the nomination that was untrue in any material respect or that omitted to state a material fact necessary to make the statements made, in light of the circumstances in which they were made, not misleading, (xi) if such Shareholder Nominee or the applicable Eligible Shareholder otherwise breaches or fails to comply with any of the agreements or representations made by such Shareholder Nominee or Eligible Shareholder or fails to comply with its obligations under this Section 13, or (xii) if the Eligible Shareholder ceases to be an Eligible Shareholder for any reason, including but not limited to not owning the Required Shares through the date of the annual meeting.

(j) Notwithstanding anything to the contrary set forth herein, if (i) a Shareholder Nominee or the applicable Eligible Shareholder breaches or fails to comply with any of its or their obligations, agreements or representations under this Section 13 or (ii) a Shareholder Nominee otherwise becomes ineligible for inclusion in the Company's proxy materials pursuant to this Section 13 or dies or otherwise becomes unavailable for election at the annual meeting, (x) the Company may omit or, to the extent feasible, remove the information concerning such Shareholder Nominee and the related Supporting Statement from its proxy materials and/or otherwise communicate to its shareholders that such Shareholder Nominee will not be eligible for election at the annual meeting, (y) the Company shall not be required to include in its proxy materials any successor or replacement nominee proposed by the applicable Eligible Shareholder or any other Eligible Shareholder, and (z) the Board of Directors or the Chairman of the annual meeting shall declare such nomination to be invalid and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the Company. In addition, if the Eligible Shareholder (or a representative thereof) does not appear at the annual meeting to present any nomination pursuant to this Section 13, such nomination shall be declared invalid and disregarded as provided in clause (z) above.

(k) Notwithstanding anything to the contrary set forth herein, the Company may omit from its proxy statement, or may supplement or correct, any information, including all or any portion of the Supporting Statement or any other statement in support of a Shareholder Nominee included in any Notice of Proxy Access Nomination, if the Board of Directors determines that: (i) such information is not true in all material respects or omits a material statement necessary to make the statements made not misleading, (ii) such information directly or indirectly impugns the character, integrity or personal reputation of, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation, with respect to, any individual, corporation, partnership, association or other entity, organization or governmental authority; (iii) the inclusion of such information in the proxy statement would otherwise violate the Securities and Exchange Commission proxy rules or any other applicable law, rule or regulation, or (iv) the inclusion of such information in the proxy statement would impose a material risk of liability against the Company.

(l) Whenever the Eligible Shareholder consists of a group of shareholders pursuant to Section 13(a) of this Article I, (i) each provision in this Section 13 that requires the Eligible Shareholder to provide any written statements, representations, undertakings, agreements or other instruments or to meet any other conditions shall be deemed to require each shareholder (including each individual fund) that is a member of such group to provide such statements, representations, undertakings, agreements or other instruments and to meet such other conditions (except that the members of such group may aggregate their shareholdings in order to meet the three percent (3%) ownership requirement of the "Required Shares" definition) and (ii) a breach of, or failure to comply with, any obligation, agreement or representation under this Section 13 by any member of such group shall be deemed a breach by the Eligible Shareholder. No Eligible Shareholder shall be permitted to be in more than one group seeking to make a nomination hereunder, and if any Eligible Shareholder appears as a member of more than one group, such Eligible Shareholder shall be deemed to be a member of only the group that owns the largest aggregate number of shares of the Company's outstanding common stock, as reflected in the Notice of Proxy Access Nomination.

(m) Any Shareholder Nominee who is included in the Company's proxy materials for a particular annual meeting of shareholders but withdraws from or becomes ineligible or unavailable for election at the annual meeting will be ineligible to be a Shareholder Nominee pursuant to this Section 13 for the next two (2) annual meetings of shareholders. For the avoidance of doubt, the immediately preceding sentence shall not prevent any shareholder from nominating any person to the Board of Directors pursuant to and in accordance with Section 6 of this Article I.

(n) Without limiting the power and authority of the Board of Directors to interpret any other provisions of these By-Laws, the Board of Directors (and any other person or body authorized by the Board of Directors) shall have the power and authority to interpret Article I, Section 6 and this Section 13 and to make any and all determinations necessary or advisable to apply such sections to any persons, facts or circumstances, including, without limitation, the power to determine (i) whether a person or group of persons qualifies as an Eligible Shareholder; (ii) whether outstanding shares of the Company's common stock are "owned" for the purposes of meeting the ownership requirements of this Section 13; (iii) whether a Notice of Proxy Access Nomination or Supporting Statement complies with the requirements of this Section 13; (iv) whether a person satisfies the qualifications and requirements imposed by this Section 13 to be a Shareholder Nominee; (v) whether the inclusion of the Required Information in the Company's proxy statement is consistent with all applicable laws, rules, regulations and listing standards; and (vi) whether any and all requirements of Article I, Section 6 and this Section 13 have been satisfied.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Power of Board and Qualification of Directors.

The business of the Company shall be managed under the direction of the Board of Directors, each of whom shall be at least eighteen years of age.

Section 2. Number, Term of Office and Classification:

(a) The Board of Directors shall consist of not less than five nor more than twenty-one members. The number of Directors shall be determined from time to time by resolution of a majority of the entire Board of Directors then in office, provided that no decrease in the number of Directors shall shorten the term of any incumbent Director. At each Annual Meeting of shareholders Directors shall be elected to hold office until the next annual meeting.

(b) If and whenever six full quarter-yearly dividends (whether or not consecutive) shall not be paid on the Voting Parity Preferred Stock (as defined in the Certificate of Incorporation), in whole or in part, the number of Directors then constituting the Board of Directors shall be increased by two and the holders of the Voting Parity Preferred Stock, voting separately as a class, regardless of series, shall be entitled to elect the two additional Directors at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of the Voting Parity Preferred Stock called as hereinafter provided. Whenever all arrears in dividends on the Voting Parity Preferred Stock then outstanding shall have been paid and dividends thereon for the current quarter-yearly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Voting Parity Preferred Stock to elect such additional two Directors shall cease (but subject always to the same provisions for the vesting of such voting rights in the case of any similar future arrearages in dividends), and the terms of office of all persons elected as Directors by the holders of the Voting Parity Preferred Stock shall forthwith terminate and the number of the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the Voting Parity Preferred Stock, the Secretary of the Company may, and upon the written request of any holder of the Voting Parity Preferred Stock (addressed to the Secretary at the principal office of the Company) shall, call a special meeting of the holders of the Voting Parity Preferred Stock for the election of the two Directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the By-Laws for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within twenty days after receipt of any such request, then any holder of Voting Parity Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Company. The Directors elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in place thereof. In case any vacancy shall occur among the Directors elected by the holders of the Voting Parity Preferred Stock, a successor shall be elected to serve until the next annual meeting of the shareholders or special meeting held in place thereof by the then remaining Director elected by the holders of the Voting Parity Preferred Stock or the successor of such remaining Director.

(c) All Directors shall have equal voting power.

Section 3. Organization.

At each meeting of the Board of Directors, the Chairman of the Board, or in his or her absence, if the Chief Executive Officer is a Director, the Chief Executive Officer, or if the Chief Executive Officer is not a Director or in his or her absence, if the President is a Director, the President, or if the President is not a Director or in his or her absence, a chairman chosen by a majority of the Directors present at the meeting shall preside. The Secretary shall act as secretary of the Board of Directors. In the event the Secretary shall be absent from any meeting of the Board of Directors, a majority of the Directors present at the meeting shall select the secretary.

Section 4. Resignations.

Any Director of the Company may resign at any time by giving written notice to the Chairman of the Board or to the Secretary of the Company. Such resignation shall take effect at the time specified therein or, if no time be specified, then on delivery.

Section 5. Vacancies.

Newly created directorships resulting from an increase in the number of Directors and vacancies occurring in the Board of Directors for any reason except the removal of Directors without cause may be filled by a vote of a majority of the Directors then in office, although less than a quorum exists. A Director elected to fill a vacancy shall hold office until the next annual meeting.

Section 6. Place of Meeting.

The Board of Directors may hold its meetings at such place or places within or without the State of New York as the Board of Directors may from time to time by resolution determine.

Section 7. First Meeting.

On the day of each annual election of Directors, the Board of Directors shall meet for the purpose of organization and the transaction of other business. Notice of such meeting need not be given. Such first meeting may be held at any other time which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

Section 8. Regular Meetings.

Regular meetings of the Board of Directors may be held at such times as may be fixed from time to time by resolution of the Board of Directors without notice.

Section 9. Special Meetings.

Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, or by any two of the Directors. Oral, telegraphic, electronic or written notice shall be given, sent, transmitted or mailed not less than one day before the meeting and shall state, in addition to the purposes, the date, place and hour of such meeting.

Section 10. Waivers of Notice.

Notice of a meeting need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him or her.

Section 11. Quorum and Manner of Acting.

(a) If the number of Directors is twelve or more, seven Directors shall constitute a quorum for the transaction of business or any specified item of business. If the number of Directors is less than twelve, a majority of the entire Board of Directors shall constitute a quorum.

(b) A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place without notice to any Director.

Section 12. Written Consents.

Any action required or permitted to be taken by the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing the action.

The resolution and the written consents thereto by the members of the Board or committee shall be filed with the minutes of the proceedings of the Board or committee.

Section 13. Participation at Meetings by Telephone.

Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 14. Compensation.

The Board of Directors shall have authority to fix the compensation of Directors for services in any capacity.

Section 15. Interested Directors:

(a) No contract or other transaction between the Company and one or more of its Directors, or between the Company and any other corporation, firm, association or other entity in which one or more of its Directors are directors or officers, or are financially interested, shall be either void or voidable for this reason alone or by reason alone that such Director or Directors are present at the meeting of the Board of Directors, or of a committee thereof, which approves such contract or transaction, or that his or her or their votes are counted for such purpose, provided that the parties to the contract or transaction establish affirmatively that it was fair and reasonable as to the Company at the time it was approved by the Board, a committee, or the shareholders.

(b) Any such contract or transaction may not be avoided by the Company for the reasons set forth in (a) if

(1) the material facts as to such Director’s interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board or committee, and the Board or committee approves such contract or transaction by a vote sufficient for such purpose without counting the vote of such interested Director or, if the votes of the disinterested Directors are insufficient for such purpose, by unanimous vote of the disinterested Directors (although common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which approves such contract or transactions), or

(2) the material facts as to such Director’s interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the

shareholders entitled to vote thereon, and such contract or transaction is approved by vote of such shareholders.

Section 16. Loans to Directors.

The Company may not lend money to or guarantee the obligation of a Director of the Company unless the particular loan or guarantee is approved by the shareholders, with the holders of a majority of the shares entitled to vote thereon constituting a quorum, but shares held of record or beneficially by Directors who are benefited by such loan or guarantee shall not be entitled to vote or to be included in the determination of a quorum.

ARTICLE III

COMMITTEES

Section 1. How Constituted and Powers.

The Board of Directors by resolution adopted by a majority of the entire Board may designate from among its members committees of the Board, each of which shall consist of one or more Directors and shall have such authority as provided in the resolution designating the committee, except such committees shall have no authority as to the following matters:

(a) The submission to shareholders of any action that needs shareholders' authorization.

(b) The filling of vacancies in the Board or in any committee.

(c) The fixing of compensation of the Directors for serving on the Board or on any committee.

(d) The amendment or repeal of the By-Laws, or the adoption of new By-Laws.

(e) The amendment or repeal of any resolution of the Board which, by its terms, shall not be so amendable or repealable.

(f) The declaration of dividends.

Section 2. Quorum and Manner of Acting.

Unless otherwise provided by resolution of the Board of Directors, a majority of each committee of the Board shall constitute a quorum for the transaction of business and the act of a majority of all of the members of the committee, whether present or not, shall be the act of the committee. The members of the committee shall act only as a committee. The procedure of the committee and its manner of acting shall be subject at all times to the directions of the Board of Directors.

Section 3. Alternate Members.

The Board of Directors may designate one or more eligible Directors as alternate members of any committee of the Board who may replace any absent or disqualified member or members at any meeting of any such committee.

ARTICLE IV

CHAIRMAN OF THE BOARD AND OFFICERS

Section 1. Chairman of the Board.

There shall be a Chairman of the Board. The Chairman of the Board may be, but need not be, an officer or employee of the Company. The Chairman of the Board shall be chosen from among the Directors. The Chairman of the Board shall preside at all meetings of the shareholders at which he or she is present. The Chairman of the Board shall preside at all meetings of the Directors at which he or she is present and may attend any meeting of any committee of the Board, whether or not a member of such committee. The Chairman of the Board's primary responsibilities shall be to facilitate Board and Shareholders meetings and establish the agendas for such meetings. In addition, the Chairman of the Board shall have such powers and perform such other duties as may be assigned to him or her by the Board.

Section 2. Vice Chairman of the Board.

There may be a Vice Chairman of the Board, who may be, but need not be, an officer or employee of the Company. The Vice Chairman of the Board shall be chosen from among the Directors. The Vice Chairman of the Board shall, in the absence of the Chairman of the Board, preside at all at all meetings of the shareholders and the Directors at which he or she is present and may attend any meeting of any committee of the Board, whether or not a member of such committee. In the absence or inability to act of the Chairman of the Board, or if the office of the Chairman of the Board be vacant, the Vice Chairman of the Board, subject to the right of the Board from time to time to extend or confine such powers and duties or to assign them to others, shall perform all duties and may exercise all powers of the Chairman of the Board. The Vice Chairman of the Board shall also have such powers and perform such other duties as may be assigned to him or her by the Board and the Chairman of the Board.

Section 3. Number.

The Board may elect a Chief Executive Officer, a President, one or more Vice Presidents, a Treasurer, a Secretary, and such other officers as the Board of Directors may in its discretion determine. Any two or more offices may be held by the same person, including by the Chairman of the Board and Vice Chairman of the Board.

Section 4. Term of Offices and Qualifications.

The Chairman of the Board, the Vice Chairman of the Board and those officers elected pursuant to Section 3 of this Article IV shall be chosen by the Board of Directors on the day of the Annual Meeting. Unless a shorter term is provided in the resolution of the Board electing the Chairman of the Board or such officer, the term of office of the Chairman of the Board or such officer, as applicable, shall extend to and expire at the meeting of the Board held on the day of the next Annual Meeting.

Section 5. Additional Officers.

Additional officers other than those elected pursuant to Section 3 of this Article IV shall be elected for such period, have such authority and perform such duties, either in an administrative or subordinate capacity, as the Board of Directors may from time to time determine.

Section 6. Removal of Chairman of the Board and Officers.

The Chairman of the Board, the Vice Chairman of the Board and/or any officer may be removed by the Board of Directors with or without cause, at any time. Removal of the Chairman of the Board and/or an officer without cause shall be without prejudice to his or her contract rights, if any, but his or her election as Chairman of the Board and/or an officer shall not of itself create contract rights.

Section 7. Resignation.

The Chairman of the Board, the Vice Chairman of the Board and/or any officer may resign at any time by giving written notice to the Board of Directors, or to the Chairman of the Board or to the Secretary. Any such resignation shall take effect at the time specified therein, or if no time be specified, then upon delivery.

Section 8. Vacancies.

A vacancy in any office, including Chairman of the Board, shall be filled by the Board of Directors.

Section 9. Chief Executive Officer.

The Chief Executive Officer of the Company shall, subject to the direction of the Board, have general and active control of the affairs and business of the Company and general supervision of its officers, officials, employees and agents. In the absence of the Chairman of the Board and the Vice Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the shareholders and, if he or she is also a Director, meetings of Directors at which he or she is present.

Section 10. President.

The President shall have such powers and perform such duties as may be assigned to him or her by the Board.

Section 11. The Vice Presidents.

Each Vice President shall have such powers and shall perform such duties as may be assigned to him or her by the Board of Directors or the Chief Executive Officer. With respect to seniority of Vice Presidents, unless the Board determines otherwise, Executive Vice Presidents shall be first in order of priority, Senior Vice Presidents shall be second in order of priority and Vice Presidents shall be third in order of priority.

Section 12. The Treasurer.

The Treasurer shall, if required by the Board of Directors, give a bond for the faithful discharge of his or her duties, in such sum and with such sureties as the Board of Directors shall require. He or she shall have charge and custody of, and be responsible for, all funds and securities of the Company, and deposit all such funds in the name of and to the credit of the Company in such banks, trust companies, or other depositories as shall be selected by the Board of Directors. He or she shall also perform all other duties customarily incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Board of Directors.

Section 13. The Secretary.

It shall be the duty of the Secretary to act as secretary of all meetings of the Board of Directors, and of the shareholders, and to keep the minutes of all such meetings at which he or she shall so act in a proper book or books to be provided for that purpose; he or she shall see that all notices required to be given by the Company are duly given and served; he or she may sign and execute in the name of the Company deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors; he or she shall prepare, or cause to be prepared, for use at meetings of shareholders the list of shareholders as of the record date referred to in Article I, Section 12 of these By-Laws and shall certify, or cause the transfer agent to certify, such list; he or she shall keep a current list of the Company's Directors and officers and their residence addresses; he or she shall be custodian of the seal of the Company and shall affix the seal, or cause it to be affixed, to all agreements, documents and other papers requiring the same. The Secretary shall have custody of the Minute Book containing the minutes of all meetings of shareholders, Directors, and the committees of the Board which may keep minutes, and of all other contracts and documents which are not in the custody of the Treasurer of the Company, or in the custody of some other person authorized by the Board of Directors to have such custody.

Section 14. Appointed Officers.

The Board of Directors may delegate to any officer or committee the power to appoint and to remove any subordinate officer, agent or employee.

Section 15. Assignment and Transfer of Stocks, Bonds, and Other Securities.

The Chief Executive Officer, the Treasurer, the Secretary, any Assistant Secretary, any Assistant Treasurer, and each of them, shall have power to assign, or to endorse for transfer, under the corporate seal, and to deliver, any stock, bonds, subscription rights, or other securities, or any beneficial interest therein, held or owned by the Company.

ARTICLE V

CONTRACTS, CHECKS, DRAFTS AND BANK ACCOUNTS

Section 1. Execution of Contracts.

The Board of Directors, except as in these By-Laws otherwise provided, may authorize any officer or officers, agent, or agents, in the name of and on behalf of the Company to enter into any contract or execute and deliver any instrument, and such authority may be general or confined to specific instances; but, unless so authorized by the Board of Directors, or expressly authorized by these By-Laws, no officer, agent or employee shall have any power or authority to bind the Company by any contract or engagement or to pledge its credit or to render it liable pecuniarily in any amount for any purpose.

Section 2. Loans.

No loans shall be contracted on behalf of the Company, and no negotiable paper shall be issued in its name unless specifically authorized by the Board of Directors.

Section 3. Checks, Drafts, etc.

All checks, drafts, and other orders for the payment of money out of the funds of the Company, and all notes or other evidences of indebtedness of the Company, shall be signed on behalf of the Company in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits.

All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Company in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VI

STOCKS AND DIVIDENDS

Section 1. Shares of Stock.

Shares of stock of the Company shall be uncertificated.

Section 2. Transfer of Stock.

Transfers of stock of the Company shall be made only on the books of the Company by the holder thereof, or by his or her duly authorized attorney, on delivery to the Company of proper transfer instructions. Within a reasonable time after the issuance or transfer of uncertificated stock, the Company shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to the Business Corporation Law of the State of New York. A person in whose name stock of the Company stands on the books of the Company shall be deemed the owner thereof as regards the Company; provided that, whenever any transfer of stock shall be made for collateral security, and not absolutely, such fact, if known to the Secretary of the Company, or to its transfer agent shall be so expressed in the entry of the transfer. No transfer of stock shall be valid as against the Company, or its shareholders for any purpose, until it shall have been entered in the stock records of the Company as specified in these By-Laws by an entry showing from and to whom transferred.

Section 3. Transfer and Registry Agents.

The Company may, from time to time, maintain one or more transfer offices or agencies and/or registry offices at such place or places as may be determined from time to time by the Board of Directors; and the Board of Directors may, from time to time, define the duties of such transfer agents and registrars and make such rules and regulations as it may deem expedient, not inconsistent with these By-Laws, concerning the issue, transfer and registration of uncertificated stock of the Company.

Section 4. Record Dates for Certain Purposes.

The Board of Directors of the Company shall fix a day and hour not more than sixty days preceding the date of any meeting of shareholders, or the date for payment of any cash or stock dividend, or the date for the allotment of any rights of subscription, or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend, or entitled to receive any such allotment of rights of subscription, or entitled to exercise rights in respect of any such change, conversion or exchange of capital stock, and in such case, such shareholders and only such shareholders as shall be shareholders of record on the day and hour so fixed shall be entitled to such notice of, and to vote at, such meeting or any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights of subscription, or to exercise rights in connection with such change or conversion or exchange of capital stock, as the case may be, notwithstanding any transfer of any stock on the books of the Company after such day and hour fixed as aforesaid.

Section 5. Dividends and Surplus.

Subject to the limitations prescribed by law, the Board of Directors (1) may declare dividends on the stock of the Company whenever and in such amounts as, in its opinion, the condition of the affairs of the Company shall render it advisable, (2) may use and apply, in its discretion, any part or all of the surplus of the Company in purchasing or acquiring any of the shares of stock of the Company, and (3) may set aside from time to time out of such surplus or net profits such sum or sums as it in its absolute discretion, may think proper as a reserve fund to meet contingencies or for equalizing dividends, or for the purpose of maintaining or increasing the property or business of the Company, or for any other purpose it may think conducive to the best interest of the Company.

ARTICLE VII

OFFICES AND BOOKS

Section 1. Offices.

The Company shall maintain an office at such place in the County of Monroe, State of New York, as the Board of Directors may determine. The Board of Directors may from time to time and at any time establish other offices of the Company or branches of its business at whatever place or places seem to it expedient.

Section 2. Books and Records:

(a) There shall be kept at one or more offices of the Company (1) correct and complete books and records of account, (2) minutes of the proceedings of the shareholders, Board of Directors and the committees of the Board,

(3) a current list of the Directors and officers of the Company and their residence addresses, and (4) a copy of these By-Laws.

(b) The stock records may be kept either at the office of the Company or at the office of its transfer agent or registrar in the State of New York, if any, and shall contain the names and addresses of all shareholders, the number and class of shares held by each and the dates when they respectively became the owners of record thereof.

ARTICLE VIII

GENERAL

Section 1. Seal.

The corporate seal shall be circular in form and shall contain the name of the Company, the year of its organization and the words "CORPORATE SEAL, NEW YORK." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

Section 2. Indemnification of Directors and Officers.

Except to the extent expressly prohibited by law, the Company shall indemnify any person, made or threatened to be made, a party in any civil or criminal action or proceeding, including an action or proceeding by or in the right of the Company to procure a judgment in its favor or by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any Director or officer of the Company served in any capacity at the request of the Company, by reason of the fact that he or she, his or her testator or intestate is or was a Director or officer of the Company or serves or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity, against judgments, fines, penalties, amounts paid in settlement and reasonable expenses, including attorneys' fees, incurred in connection with such action or proceeding, or any appeal therein, provided that no such indemnification shall be required with respect to any settlement unless the Company shall have given its prior approval thereto. Such indemnification shall include the right to be paid advances of any expenses incurred by such person in connection with such action, suit or proceeding, consistent with the provisions of applicable law. In addition to the foregoing, the Company is authorized to extend rights to indemnification and advancement of expenses to such persons by i) resolution of the shareholders, ii) resolution of the Directors or iii) an agreement, to the extent not expressly prohibited by law.

ARTICLE IX

FISCAL YEAR

Section 1. Fiscal Year.

The fiscal year of the Company shall end on the 31st day of December in each year.

ARTICLE X

AMENDMENTS

Section 1. Amendments.

By-Laws of the Company may be amended, repealed or adopted by a majority of the votes of the shares at the time entitled to vote in the election of any Directors. If, at any meeting of shareholders, action is proposed to be taken to amend, repeal or adopt By-Laws, the notice of such meeting shall include a brief statement or summary of the proposed action. The By-Laws may also be amended, repealed or adopted by the Board of Directors, but any By-Law adopted by the Board may be amended or repealed by shareholders entitled to vote thereon as hereinabove provided. If any By-Law regulating an impending election of Directors is adopted, amended or repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of shareholders for the election of Directors the By-Law so adopted, amended or repealed, together with a concise statement of the changes made.

ARTICLE XI

FORUM

Unless the Company consents in writing to the selection of an alternative forum, any New York State Supreme Court located in New York County in the State of New York or, if such court lacks jurisdiction, the United States District Court for the Southern District of New York (or if such state and federal courts lack jurisdiction, in any other state or federal court located in the State of New York) (any such court, a "***Chosen Court***"), shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee or shareholder of the Company to the Company or the Company's shareholders, (iii) any action asserting a claim arising pursuant to any provision of the New York Business Corporation Law or the Company's Certificate of Incorporation or these By-Laws (with respect to each, as may be amended from time to time), or (iv) any action asserting a claim governed by the internal affairs doctrine. Any person holding, purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be (a) deemed to have notice of and consented to the provisions of this Article XI, and (b) deemed to have waived any argument relating to the inconvenience of the Chosen Court in connection with any action or proceeding described in this Article XI. If any action the subject matter of which is within the scope of this Article XI is filed in a court other than a Chosen Court (a "***Foreign Action***") in the name of any shareholder, such shareholder shall be deemed to have consented to (i) the personal jurisdiction of the Chosen Courts in connection with any action brought in any such court to enforce this Article XI (an "***Enforcement Action***") and (ii) having service of process made upon such shareholder in any such Enforcement Action by service upon such shareholder's counsel in the Foreign Action as agent for such shareholder.

Management Incentive Plan for 2021 (2021 MIP)

Under the 2021 MIP, executive officers of the Company are eligible to receive performance related annual cash payments. Payments are, in general, only made if performance objectives established by the Compensation Committee of the Board of Directors (the "Committee") are met.

The Committee previously approved incentive opportunities for 2021, expressed as a percentage of base salary for each participating officer. The Committee also established overall threshold, target and maximum performance metrics and payout ranges for the 2021 MIP. Financial performance measures and weightings were: Absolute Revenue (unadjusted for currency) (weighted at one-third), Adjusted Operating Margin (weighted at one-third) and Free Cash Flow (weighted at one-third). Additionally, the Committee established an Environmental, Social and Governance (ESG) payout modifier that allowed the otherwise applicable performance-based payout to be increased or decreased by up to 10% of target, with the result not to exceed 200% of target. The Committee maintains the authority to increase or decrease an award based on individual performance.

The performance against the 2021 MIP goals was as follows: Absolute Revenue and Adjusted Operating Margin were below threshold, Free Cash Flow was between target and maximum, and the ESG payout modifier increased the overall payout by 7.5% of target.

EXHIBIT 10(f)(17)

**ELTIP PERFORMANCE STOCK UNIT
AWARD AGREEMENT
PURSUANT TO
XEROX HOLDINGS CORPORATION
PERFORMANCE INCENTIVE PLAN**

AGREEMENT, by Xerox Holdings Corporation, a New York corporation (the "Company"), dated **###GRANT_DATE###,** (the "Grant Date") in favor of **###PARTICIPANT_NAME###** ("Employee"), who is an employee of the Company or of a subsidiary or affiliate thereof (collectively, the "Employer").

In accordance with the provisions of the Xerox Holdings Corporation Performance Incentive Plan and any amendments and/or restatements thereof (the "Plan"), the Compensation Committee of the Board of Directors of the Company (the "Committee") or the Chief Executive Officer of the Company (the "CEO"), as applicable, has authorized the execution and delivery of this Agreement. The operation of this Agreement is conditioned upon its acceptance by Employee as described below.

Terms not defined herein shall have the meanings assigned to them in the Plan.

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

1. Award of Performance Stock Units. Subject to all terms and conditions of the Plan and this Agreement, the Company hereby awards to Employee, as of the Grant Date, **###TOTAL_AWARDS###** Performance Share Units (each a "PSU" and collectively, "PSUs"). Notwithstanding anything herein to the contrary, only an active employee or an employee on Short-Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (in each case, pursuant to the Company's Human Resources Policies or similar policies of the Company's subsidiaries or affiliates) on the Grant Date is eligible to receive this award.

2. Award Summary. Entitlement to any payout of shares under this Paragraph 2 is dependent upon the achievement of performance goals, as established and determined by the Committee.

a) In connection with this award of PSUs, the Committee shall establish one or more performance goals and the performance period for each goal, assign a weighting to each goal, and define "threshold," "target" and "maximum" levels of achievement for each goal.

b) Following the applicable performance period, the Committee shall review performance results and determine a payout factor with respect to each goal. If the Committee determines that a goal was achieved—

   (i) at the "target" level, then the payout factor with respect to that goal shall be one hundred percent (100%);

   (ii) at the "threshold" level, then the payout factor with respect to that goal shall be fifty percent (50%);

   (iii) at or above the "maximum" level, then the payout factor with respect to that goal shall be two hundred percent (200%);

   (iv) between the "threshold" and "target" levels, or between the "target" and "maximum" levels, then the payout factor with respect to that goal shall be between 50% and 100% or between 100% and 200%, respectively, in each case calculated on a linear basis; or

   (v) below the "threshold" level, then the payout factor with respect to that goal shall be zero (0%).

c) The Committee shall aggregate the payout factors in accordance with their respective weightings to determine the "Vesting Percentage" applicable to this award.

d) As of **###CF_EE_GRANT_GRANT/ AWARD USER CODE 1###** (the "Vesting Date"), if the Vesting Percentage is greater than zero, Employee shall become entitled to a number of shares of Common Stock equal to the number of PSUs awarded in Paragraph 1 above multiplied by the Vesting Percentage. Such shares shall be released as soon as practicable following the later of the Vesting Date or the date the Vesting Percentage is determined by the Committee, subject to applicable tax withholding as described in Paragraph 10 below.

Notwithstanding the forgoing, in the event of a Change in Control, any outstanding PSUs (and any dividend equivalents with respect thereto) shall be treated pursuant to the terms of the Plan. If a PSU becomes Nonforfeitable after a Change in Control pursuant to Section 22(b) of the Plan, any performance goal based on return to Company shareholders or share price will be based on actual performance as of the date of the Change in Control. Upon payment pursuant to the terms of the Plan, such awards shall be cancelled.

3. Dividend Equivalents. Employee shall become entitled to receive from the Company as of the Vesting Date, 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 vested shares resulting from the calculation in Paragraph 2 or Paragraph 8, as applicable (but not to exceed the target number of shares set forth in the Vest Quantity) would have been entitled to receive as dividends on such Common Stock during the period commencing on the Grant Date and ending on the Vesting Date. Payments under this Paragraph shall be made as soon as administratively practicable following the Vesting Date and shall be net of any applicable tax withholding. Notwithstanding anything herein to the contrary, if Employee is no longer employed by his or her Employer on the payment date of the dividend equivalents, and the Employer has determined, with the approval of the Corporate Vice President, Human Resources of the Company, that it is not administratively feasible to pay such dividend equivalents, Employee will not be entitled to receive such dividend equivalents.

4. Ownership Guidelines. Guidelines pertaining to the Employee's required ownership of Common Stock shall be determined by the Committee or its authorized delegate, as applicable, in its sole discretion from time to time as communicated to Employee in writing.

5. Holding Requirements. The Employee must retain fifty percent (50%) of the net shares of Common Stock acquired in connection with the PSUs (net of withholding tax and any applicable fees) until ownership guidelines are met under Paragraph 4 hereof, subject to any ownership and holding requirements policies established by the Committee from time to time. Such shares shall be held in the Employee's Morgan Stanley account or in another account acceptable to the Company. In addition, shares used to maintain the Employee's ownership level pursuant to this award should be held with Morgan Stanley or in another account acceptable to the Company.

If employment terminates due to the death of the Employee, such holding requirements shall cease at the date of death. If the Employee is a Corporate officer of the Company and terminates for any other reason, the holding requirement will be applicable for a six-month period for the CEO, and a three-month period for all other officers, following termination.

6. No Rights of a Shareholder. Employee shall have no rights as a shareholder with respect to any shares of Common Stock associated with this Agreement until the date such shares are released. 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 shares are released.

7. Non-Assignability. This Agreement shall not be assignable or transferable by Employee except by will or by the laws of descent and distribution.

8. Effect of Termination of Employment Prior to Vesting Date.

a) Voluntary Termination; Involuntary Termination for Cause. If Employee voluntarily ceases employment with the Employer for any reason except Retirement (as defined below) or Employee's voluntary termination of employment due to a reduction in the workforce, or if Employee's employment with the Employer is involuntarily terminated for Cause (as defined below), any PSUs that have not vested in accordance with Paragraph 2 shall be cancelled on the date of such termination of employment.

b) Involuntary Termination Without Cause; Reduction in Workforce; Retirement.

(i) if Employee involuntarily ceases employment with the Employer for any reason (including Disability as defined below), other than death or for Cause, or if Employee voluntarily ceases employment with the Employer due to a reduction in workforce or Retirement (as defined below), any PSUs that have not yet vested in accordance with Paragraph 2 will continue to vest and become payable on their Vesting Date in accordance with the terms of this Agreement, but only on a prorated basis as set forth in this Paragraph 8(b). Application of this Paragraph 8(b) may, at the discretion of the Company, be contingent upon Employee executing a general release and/or an agreement with respect to non-engagement in detrimental activity, each in a form acceptable to the Company.

(i) The proration calculation applicable to this Paragraph 8(b) is to multiply the number of shares determined under Paragraph 2 by a fraction:

- the numerator of which is the number of full months of Employee's service beginning on the Grant Date and ending on the last day of active employment with respect to Employee's termination or retirement, as applicable; and

- the denominator of which is the number of full months from the Grant Date to the Vesting Date.

c) Death. If Employee ceases employment with the Employer by reason of death, 100% of the PSUs granted under this Agreement shall vest and become payable as of the date of death to Employee's personal representatives, heirs or legatees, as applicable, in accordance with Paragraph 7 and applicable law.

d) Certain Definitions. For purposes of this Paragraph 8:

(i) Cause. "Cause" shall mean (A) a violation of any of the rules, policies, procedures or guidelines of the Employer, including but not limited to the Company's Business Ethics Policy and the Proprietary Information and Conflict of Interest Agreement (B) any conduct which qualifies for "immediate discharge" under the Employer's Human Resource Policies as in effect from time to time (C) rendering services to a firm which engages, or engaging directly or indirectly, in any business that is competitive with the Employer, or represents a conflict of interest with the interests of the Employer; (D) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (E) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(ii) Disability. Employee is deemed involuntarily to cease employment with the Employer by reason of "Disability" when Employee has received maximum coverage under an Employer-provided short-term disability plan.

(iii) Retirement. "Retirement" shall mean a termination of employment with retirement status as determined by the Employer, provided that for a U.S. employee, retirement shall mean only a termination of employment with the Employer after attaining age 55 and 10 years of service with the Employer or age 60 and 5 years of service with the Employer.

(iv) Salary Continuance. For purposes of determining the number of PSUs that are vested under this Agreement, the Committee or its authorized delegate may, at its discretion, determine that termination of employment means the date on which salary continuance ends, and that "actual months of service" for such purposes include any period of salary continuance.

(v) Effect of Releases. Payment will be made as soon as practicable (but not later than 70 days) after the designated payment date except that if the timing of any payment is contingent on employee action, such as execution of a release of claims or agreement, and the specified payment period straddles two calendar years, payment will be made on the second such calendar year.

9. General Restrictions. If at any time the Committee or its authorized delegate, as applicable, shall determine, in its 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 the PSUs or the release of shares upon vesting thereof, such shares shall not be released in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee or its authorized delegate, as applicable.

10. Taxes. Any payment or release of shares pursuant to this Agreement is subject to applicable tax withholding in accordance with Section 14 of the Plan. No fractional shares shall be issued as a result of such tax withholding; instead, the equivalent of any fractional share amount shall be applied to amounts withheld for taxes. Employee acknowledges that the ultimate responsibility for Employee's Federal, state and municipal individual income taxes, Employee's portion of social security and other payroll taxes, and any other taxes related to Employee's participation in the Plan and legally applicable to Employee, is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer

11. Nature of Award. In accepting the award, Employee acknowledges that:

a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended, or terminated by the Company at any time in a manner consistent with Section 13 of the Plan regarding Plan amendment and termination and, in addition, the PSUs are subject to modification and adjustment under Section 6(b) of the Plan;

b) the award of the PSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted repeatedly in the past;

c) all decisions with respect to future PSU awards, if any, will be at the sole discretion of the Committee or its authorized delegate, as applicable;

d) Employee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate Employee's employment relationship at any time; further, the PSU and Employee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

e) Employee is voluntarily participating in the Plan;

f) the PSUs and the shares of Common Stock subject to the PSUs are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of Employee's employment contract, if any;

g) the PSUs and the shares of Common Stock subject to the PSUs are not intended to replace any pension rights or compensation;

h) the PSUs and the shares of Common Stock subject to the PSUs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer;

i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

j) in consideration of the award of the PSUs, no claim or entitlement to compensation or damages shall arise from forfeiture of the PSUs, including, but not limited to, forfeiture resulting from termination of Employee's employment with the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and Employee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Employee shall be deemed irrevocably to have waived Employee's entitlement to pursue such claim; and

k) subject to the provisions in the Plan regarding Change in Control, PSUs and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

12. No Advice Regarding Award. Neither the Company nor the Employer is providing any tax, legal or financial advice, nor is the Company or the Employer making any recommendations regarding Employee's participation in the Plan, or his or her acquisition or sale of the underlying shares of Common Stock. Employee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

13. Amendment of This Agreement. With the consent of Employee, the Committee or its authorized delegate, as applicable, may amend this Agreement in a manner not inconsistent with the Plan.

14. Subsidiary. As used herein the term "subsidiary" shall mean any present or future corporation which would be a "subsidiary corporation" of the Company as the term is defined in Section 425 of the Internal Revenue Code of 1986 on the Grant Date.

15. Affiliate. As used herein the term "affiliate" shall mean any entity in which the Company has a significant equity interest, as determined by the Committee.

16. Recoupments.

a) If Employee is determined by the Committee or its authorized delegate, as applicable, in its sole discretion exercised prior to a Change in Control, to have engaged in detrimental activity against the Employer, any awards granted to Employee shall be cancelled and be of no further force or effect and any payment or release of shares from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded payment or release of shares, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable.

b) Detrimental activity may include:

(i) violating terms of a non-compete agreement with the Employer, if any;

(ii) disclosing confidential or proprietary business information of the Employer to any person or entity including but not limited to a competitor, vendor or customer without appropriate authorization from the Employer;

(iii) violating any rules, policies, procedures or guidelines of the Employer;

(iv) directly or indirectly soliciting any employee of the Employer to terminate employment with the Employer;

(v) directly or indirectly soliciting or accepting business from any customer or potential customer or encouraging any customer, potential customer or supplier of the Employer, to reduce the level of business it does with the Employer; or

(vi) engaging in any other conduct or act that is determined to be injurious, detrimental or prejudicial to any interest of the Employer.

17. Cancellation and Rescission of Award. Without limiting the foregoing Paragraph regarding non-engagement in detrimental activity against the Employer, the Company may cancel any award provided hereunder if Employee is not in compliance with all of the following conditions:

a) Employee shall not render services for any organization or engage directly or indirectly in any business which would cause Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

b) Employee shall not, without prior written authorization from the Employer, disclose to anyone outside the Employer, or use in other than the Employer's business, any confidential information or material, as specified in any agreement between the Employer and Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by Employee either during or after employment with the Employer.

Notwithstanding the above, the Employer does not in any manner restrict Employee from reporting possible violations of federal, state or local laws or regulations to any governmental agency or entity. Similarly, the Employer does not in any manner restrict Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. Employee is not required to notify the Employer that he or she has made such report or disclosure, or of his or her participation in an agency investigation or proceeding.

c) Pursuant to any agreement between the Employer and Employee that contains post-employment prohibitions, Employee shall disclose promptly and assign to the Employer all right, title and interest in any invention or idea, patentable or not, made or conceived by Employee during employment with the Employer, relating in any manner to the actual or anticipated business, research or development work of the Employer, and shall do anything reasonably necessary to enable the Employer to secure a patent where appropriate in the United States and in foreign countries.

d) If Employee is determined by the Committee or its authorized delegate, as applicable, in its sole discretion exercised prior to a Change in Control, to have failed to comply with any of the provisions of this Paragraph 17, any awards granted to Employee shall be cancelled and be of no further force or effect, and any payment or release of shares from six months prior to such failure to comply may be rescinded. In the event of any such rescission, Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded payment or release of shares, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable.

18. Notices. Notices hereunder shall be in writing and if to the Company shall be mailed to the Company at 201 Merritt 7, Norwalk, CT 06851-1056, addressed to the attention of Stock Plan Administrator (or such other person specified hereafter by the Company), and if to Employee shall be delivered personally or mailed to Employee at Employee's address as the same appears on the records of the Company.

19. Language. If Employee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

20. Electronic Delivery and Acceptance. The Company will deliver any documents related to current or future participation in the Plan by electronic means. Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan and be bound by the terms and conditions of this Agreement, through an online or electronic system established and maintained by the Company or a third party designated by the Company. Electronic acceptance by the Employee is required, and the award will be cancelled if Employee fails to comply with the Company's acceptance requirement within six months of the Grant Date.

21. Interpretation of This Agreement. The Committee or its authorized delegate, as applicable, 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 Committee or its authorized delegate, as applicable, in its sole good faith judgment shall determine to be advisable. All decisions, interpretations and administrative actions made by the Committee or its authorized delegate, as applicable, hereunder or under the Plan shall be binding and conclusive on the Company and Employee. In the event there is inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

22. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and to the extent provided in Paragraph 7 to Employee's personal representatives, legatees or heirs.

23. Governing Law and Venue. The validity, construction and effect of the Agreement and any actions taken under or relating to this Agreement shall be determined in accordance with the laws of the state of New York and applicable Federal law. This grant is made and/or administered in the United States. For purposes of litigating any dispute that arises under this grant or the Agreement the parties hereby submit to and consent to the jurisdiction of the state of New York, and agree that such litigation shall be conducted in the courts of Monroe County, New York, or the federal courts for the United States for the Western District of New York.

24. Separability. In case any provision in the Agreement, or in any other instrument referred to herein, shall become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in the Agreement, or in any other instrument referred to herein, shall not in any way be affected or impaired thereby.

25. Integration of Terms. Except as otherwise provided in this Agreement, this Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes any and all oral statements and prior writings with respect thereto.

26. Appendix for Non-U.S. Countries. Notwithstanding any provisions in this Agreement, the award shall be subject to any special terms and conditions set forth in any appendix to this Agreement for Employee's country (the "Appendix"). Moreover, if Employee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Employee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

27. Imposition of Other Requirements. The Committee or its authorized delegate, as applicable, reserves the right to impose other requirements on Employee's participation in the Plan, on the PSUs, and on any shares of Common Stock acquired under the Plan, to the extent the Committee or its authorized delegate, as applicable, determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

EXHIBIT 10(f)(18)

ELTIP RESTRICTRED STOCK UNIT AWARD
AGREEMENT PURSUANT TO
XEROX HOLDINGS CORPORATION
PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Xerox Holdings Corporation, a New York corporation (the "Company"), dated **###GRANT_DATE###,** (the "Grant Date") in favor of **###PARTICIPANT_NAME###** ("Employee"), who is an employee of the Company or of a subsidiary or affiliate thereof (collectively, the "Employer").

In accordance with the provisions of the Xerox Holdings Corporation Performance Incentive Plan and any amendments and/or restatements thereof (the "Plan"), the Compensation Committee of the Board of Directors of the Company (the "Committee") or the Chief Executive Officer of the Company (the "CEO"), as applicable, has authorized the execution and delivery of this Agreement. The operation of this Agreement is conditioned upon its acceptance by the Employee as described below.

Terms not defined herein shall have the meanings assigned to them in the Plan.

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

1. Award of Restricted Stock Units. Subject to all terms and conditions of the Plan and this Agreement, the Company hereby awards to Employee, as of the Grant Date, **###TOTAL_AWARDS###** Restricted Stock Units (each an "RSU" and collectively, "RSUs"). Notwithstanding anything herein to the contrary, only an active employee or an employee on Short-Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (in each case, pursuant to the Company's Human Resources Policies or similar policies of the Company's subsidiaries or affiliates) on the Grant Date is eligible to receive this award.

2. Award Summary. As of the vesting date(s) indicated below (each a "Vesting Date" or a "Vest Date"), Employee shall become entitled to a number of shares of Common Stock equal to the "Vest Quantity" shown below (subject to applicable tax withholding as described in Paragraph 10 below).

###VEST_SCHEDULE_TABLE###

Notwithstanding the foregoing, in the event of a Change in Control, any outstanding RSUs (and any dividend equivalents with respect thereto) shall be treated pursuant to the terms of the Plan. Upon payment pursuant to the terms of the Plan, such awards shall be cancelled.

3. Dividend Equivalents. Employee shall become entitled to receive from the Company, as of each Vesting Date, 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 that have become vested and payable on such Vesting Date (under Paragraph 2 or Paragraph 8 of this Agreement, as applicable) would have been entitled to receive as dividends on such Common Stock during the period commencing on the Grant Date and ending on such Vesting Date. Payments under this Paragraph shall be made as soon as administratively practicable following each such Vesting Date and shall be net of any applicable tax withholding. Notwithstanding anything herein to the contrary, if Employee is no longer employed by his or her Employer on the payment date of the dividend equivalents, and the Employer has determined, with the approval of the Chief Human Resources Officer of the Company, that it is not administratively feasible to pay such dividend equivalents, Employee will not be entitled to receive such dividend equivalents.

4. Ownership Guidelines. Guidelines pertaining to Employee's required ownership of Common Stock shall be determined by the Committee or its authorized delegate, as applicable, in its sole discretion from time to time as communicated to Employee in writing.

5. Holding Requirements. Employee must retain fifty percent (50%) of the net shares of Common Stock acquired in connection with the RSUs (net of withholding tax and any applicable fees) until ownership guidelines are met under Paragraph 4 hereof, subject to any ownership and holding requirements policies established by the Committee from time to time. Such shares shall be held in Employee's Morgan Stanley account or in another account acceptable to the Company. In addition, shares used to maintain Employee's ownership level pursuant to this award should be held with Morgan Stanley or in another account acceptable to the Company.

If employment terminates due to the death, such holding requirements shall cease at the date of death. If Employee is a Corporate officer of the Company and terminates for any other reason, the holding requirement will be applicable for a six-month period for the CEO, and a three-month period for all other officers, following termination.

6. No Rights of a Shareholder. Employee shall have no rights as a shareholder with respect to any shares of Common Stock associated with this Agreement until the date such shares are released. 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 shares are released .

7. Non-Assignability. This Agreement shall not be assignable or transferable by Employee except by will or by the laws of descent and distribution.

8. Effect of Termination of Employment Prior to Vesting Date(s).

a) Voluntary Termination; Involuntary Termination for Cause. If Employee voluntarily ceases employment with the Employer for any reason except Retirement (as defined below) or a reduction in the workforce, or if Employee's employment with the Employer is involuntarily terminated for Cause (as defined below), any RSUs that have not vested in accordance with Paragraph 2 shall be cancelled on the date of such termination of employment.

b) Involuntary Termination Without Cause; Reduction in Workforce; Retirement.

(i) If Employee involuntarily ceases employment with the Employer for any reason (including Disability as defined below) other than death or for Cause, or if Employee voluntarily ceases to employment with the Employer due to a reduction in workforce or Retirement (as defined below), any RSUs that have not yet vested in accordance with Paragraph 2 will continue to vest and become payable on their Vesting Date(s) in accordance with the terms of this Agreement, but only on a prorated basis as set forth in this Paragraph 8(b). Application of this Paragraph 8(b) may, at the discretion of the Company, be contingent upon Employee executing a general release and/or an agreement with respect to non-engagement in detrimental activity, each in a form acceptable to the Company.

(ii) The proration calculation applicable to this Paragraph 8(b) is: For each remaining Vesting Date under this Agreement, the associated Vest Quantity under Paragraph 2 is multiplied by a fraction:

- the numerator of which is the number of full months of Employee's service beginning on the Grant Date and ending on the last day of active employment with respect to Employee's termination or Retirement, as applicable; and

- the denominator of which is the number of full months from the Grant Date to such Vesting Date.

c) Death. If Employee ceases employment with the Employer by reason of death, 100% of the RSUs granted under this Agreement shall vest and become payable as of the date of death to Employee's personal representatives, heirs or legatees, as applicable, in accordance with Paragraph 7 and applicable law.

d) Certain Definitions. The following definitions shall apply for purposes of this Paragraph 8:

(i) Cause. "Cause" shall mean (A) a violation of any of the rules, policies, procedures or guidelines of the Employer, including but not limited to the Company's Business Ethics Policy and the Proprietary Information and Conflict of Interest Agreement (B) any conduct which qualifies for "immediate discharge" under the Employer's Human Resource Policies as in effect from time to time (C) rendering services to a firm which engages, or engaging directly or indirectly, in any business that is competitive with the Employer, or represents a conflict of interest with the interests of the Employer; (D) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (E) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(ii) Disability. Employee shall be deemed involuntarily to cease employment with the Employer by reason of "Disability" when Employee has received maximum coverage under an Employer-provided short-term disability plan.

(iii) Retirement. "Retirement" shall mean a termination of employment with retirement status as determined by the Employer, provided that for a U.S. employee, retirement shall mean only a termination of employment with the Employer after attaining age 55 and 10 years of service with the Employer or age 60 and 5 years of service with the Employer.

e) Salary Continuance. For purposes of determining the number of RSUs that are vested under this Agreement, the Committee or its authorized delegate may, at its discretion, determine that termination of employment means the date on which salary continuance ends, and that "actual months of service" for such purposes include any period of salary continuance.

f) Effect of Releases. Payment will be made as soon as practicable (but not later than 70 days) after the designated payment date except that if the timing of any payment is contingent on employee action, such as execution of a release of claims or agreement, and the specified payment period straddles two calendar years, payment will be made on the second such calendar year.

9. General Restrictions. If at any time the Committee or its authorized delegate, as applicable, shall determine, in its 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 the RSUs or the release of shares upon vesting thereof, such shares shall not be released in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee or its authorized delegate, as applicable.

10. Taxes. Any payment or release of shares pursuant to this Agreement is subject to applicable tax withholding in accordance with Section 14 of the Plan. No fractional shares shall be issued as a result of such tax withholding; instead, the equivalent of any fractional share amount shall be applied to amounts withheld for taxes. Employee acknowledges that the ultimate responsibility for Employee's Federal, state and municipal individual income taxes, Employee's portion of social security and other payroll taxes, and any other taxes related to Employee's participation in the Plan and legally applicable to Employee, is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer.

11. Nature of Award. In accepting the award, Employee acknowledges that:

a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time in a manner consistent with Section 13 of the Plan regarding Plan amendment and termination and, in addition, the RSUs are subject to modification and adjustment under Section 6(b) of the Plan.

b) the award of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted repeatedly in the past;

c) all decisions with respect to future RSU awards, if any, will be at the sole discretion of the Committee or its authorized delegate, as applicable;

d) Employee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate Employee's employment relationship at any time; further, the RSU award and Employee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

e) Employee is voluntarily participating in the Plan;

f) the RSUs and the shares of Common Stock subject to the RSUs are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of Employee's employment contract, if any;

g) the RSUs and the shares of Common Stock subject to the RSUs are not intended to replace any pension rights or compensation;

h) the RSUs and the shares of Common Stock subject to the RSUs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer;

i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

j) in consideration of the award of the RSUs, no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs, including, but not limited to, forfeiture resulting from termination of Employee's employment with the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and Employee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Employee shall be deemed irrevocably to have waived Employee's entitlement to pursue such claim; and

k) subject to the provisions in the Plan regarding Change in Control, RSUs and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

12. No Advice Regarding Award. Neither the Company nor the Employer is providing any tax, legal or financial advice, nor is the Company or the Employer making any recommendations regarding Employee's participation in the Plan, or his or her acquisition or sale of the underlying shares of Common Stock. Employee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

13. Amendment of This Agreement. With the consent of Employee, the Committee or its authorized delegate, as applicable, may amend this Agreement in a manner not inconsistent with the Plan.

14. Subsidiary. As used herein the term "subsidiary" shall mean any present or future corporation which would be a "subsidiary corporation" of the Company as the term is defined in Section 425 of the Internal Revenue Code of 1986 on the Grant Date.

15. Affiliate. As used herein the term "affiliate" shall mean any entity in which the Company has a significant equity interest, as determined by the Committee.

16. Recoupments.

a) If Employee is determined by the Committee or its authorized delegate, as applicable, in its sole discretion exercised prior to a Change in Control, to have engaged in detrimental activity against the Employer, any awards granted to Employee shall be cancelled and be of no further force or effect and any payment or release of shares from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded payment or release of shares, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable.

b) Detrimental activity may include:

(i) violating terms of a non-compete agreement with the Employer, if any;

(ii) disclosing confidential or proprietary business information of the Employer to any person or entity including but not limited to a competitor, vendor or customer without appropriate authorization from the Employer;

(iii) violating any rules, policies, procedures or guidelines of the Employer;

(iv) directly or indirectly soliciting any employee of the Employer to terminate employment with the Employer;

(v) directly or indirectly soliciting or accepting business from any customer or potential customer or encouraging any customer, potential customer or supplier of the Employer, to reduce the level of business it does with the Employer; or

(vi) engaging in any other conduct or act that is determined to be injurious, detrimental or prejudicial to any interest of the Employer.

17. Cancellation and Rescission of Award. Without limiting the foregoing Paragraph regarding non-engagement in detrimental activity against the Employer, the Company may cancel any award provided hereunder if Employee is not in compliance with all of the following conditions:

a) Employee shall not render services for any organization or engage directly or indirectly in any business which would cause Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

b) Employee shall not, without prior written authorization from the Employer, disclose to anyone outside the Employer, or use in other than the Employer's business, any confidential information or material, as specified in any agreement between the Employer and Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by Employee either during or after employment with the Employer. Notwithstanding the above, the Employer does not in any manner restrict Employee from reporting possible violations of federal, state or local laws or regulations to any governmental agency or entity. Similarly, the Employer does not in any manner restrict Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. Employee is not required to notify the Employer that he or she has made such report or disclosure, or of his or her participation in an agency investigation or proceeding.

c) Pursuant to any agreement between the Employer and Employee that contains post-employment prohibitions, Employee shall disclose promptly and assign to the Employer all right, title and interest in any invention or idea, patentable or not, made or conceived by Employee during employment with the Employer, relating in any manner to the actual or anticipated business, research or development work of the Employer, and shall do anything reasonably necessary to enable the Employer to secure a patent where appropriate in the United States and in foreign countries.

d) If Employee is determined by the Committee or its authorized delegate, as applicable, in its sole discretion exercised prior to a Change in Control, to have failed to comply with any of the provisions of this Paragraph 17, any awards granted to Employee shall be cancelled and be of no further force or effect, and any payment or release of shares from six months prior to such failure to comply may be rescinded. In the event of any such rescission, Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded payment or release of shares, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable.

18. Notices. Notices hereunder shall be in writing and if to the Company shall be mailed to the Company at 201 Merritt 7, Norwalk, CT 06851-1056, addressed to the attention of Stock Plan Administrator, and if to Employee shall be delivered personally or mailed to Employee at his address as the same appears on the records of the Company.

19. Language. If Employee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

20. Electronic Delivery and Acceptance. The Company will deliver any documents related to current or future participation in the Plan by electronic means. Employee hereby consents to receive such documents by electronic delivery, and agrees to participate in the Plan and be bound by the terms and conditions of this Agreement, through an online or electronic system established and maintained by the Company or a third party designated by the Company. Electronic acceptance by Employee is required, and the award will be cancelled if Employee fails to comply with the Company's acceptance requirement within six months of the Grant Date.

21. Interpretation of This Agreement. The Committee or its authorized delegate, as applicable, 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 Committee or its authorized delegate, as applicable, in its sole good faith judgment shall determine to be advisable. All decisions, interpretations and administrative actions made by the Committee or its authorized delegate, as applicable, hereunder or under the Plan shall be binding and conclusive on the Company and Employee. In the event there is inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

22. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and to the extent provided in Paragraph 7 to Employee's personal representatives, legatees or heirs.

23. Governing Law and Venue. The validity, construction and effect of the Agreement and any actions taken under or relating to this Agreement shall be determined in accordance with the laws of the state of New York and applicable Federal law. This grant is made and/or administered in the United States. For purposes of litigating any dispute that arises under this grant or the Agreement the parties hereby submit to and consent to the jurisdiction of the state of New York, and agree that such litigation shall be conducted in the courts of Monroe County, New York, or the federal courts for the United States for the Western District of New York.

24. Separability. In case any provision in the Agreement, or in any other instrument referred to herein, shall become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in the Agreement, or in any other instrument referred to herein, shall not in any way be affected or impaired thereby.

25. Integration of Terms. Except as otherwise provided in this Agreement, this Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes any and all oral statements and prior writings with respect thereto.

26. Appendix for Non-U.S. Countries. Notwithstanding any provisions in this Agreement, the award shall be subject to any special terms and conditions set forth in any appendix to this Agreement for Employee's country (the "Appendix"). Moreover, if Employee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Employee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

27. Imposition of Other Requirements. The Committee or its authorized delegate, as applicable, reserves the right to impose other requirements on Employee's participation in the Plan, on the RSUs and on any shares of Common Stock acquired under the Plan, to the extent the Committee or its authorized delegate, as applicable, determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

ELTIP RESTRICTRED STOCK UNIT AWARD AGREEMENT PURSUANT TO XEROX HOLDINGS CORPORATION PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Xerox Holdings Corporation, a New York corporation (the "Company"), dated **###GRANT_DATE###,** (the "Grant Date") in favor of **###PARTICIPANT_NAME###** ("Employee"), who is an employee of the Company or of a subsidiary or affiliate thereof (collectively, the "Employer").

In accordance with the provisions of the Xerox Holdings Corporation Performance Incentive Plan and any amendments and/or restatements thereof (the "Plan"), the Compensation Committee of the Board of Directors of the Company (the "Committee") or the Chief Executive Officer of the Company (the "CEO"), as applicable, has authorized the execution and delivery of this Agreement. The operation of this Agreement is conditioned upon its acceptance by the Employee as described below.

Terms not defined herein shall have the meanings assigned to them in the Plan.

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

1. Award of Restricted Stock Units. Subject to all terms and conditions of the Plan and this Agreement, the Company hereby awards to Employee, as of the Grant Date, **###TOTAL_AWARDS###** Restricted Stock Units (each an "RSU" and collectively, "RSUs"). Notwithstanding anything herein to the contrary, only an active employee or an employee on Short-Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (in each case, pursuant to the Company's Human Resources Policies or similar policies of the Company's subsidiaries or affiliates) on the Grant Date is eligible to receive this award.

2. Award Summary. As of the vesting date(s) indicated below (each a "Vesting Date" or a "Vest Date"), Employee shall become entitled to a number of shares of Common Stock equal to the "Vest Quantity" shown below (subject to applicable tax withholding as described in Paragraph 10 below).

###VEST_SCHEDULE_TABLE###

Notwithstanding the foregoing, in the event of a Change in Control, any outstanding RSUs (and any dividend equivalents with respect thereto) shall be treated pursuant to the terms of the Plan. Upon payment pursuant to the terms of the Plan, such awards shall be cancelled.

3. Dividend Equivalents. Employee shall become entitled to receive from the Company, as of each Vesting Date, 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 that have become vested and payable on such Vesting Date (under Paragraph 2 or Paragraph 8 of this Agreement, as applicable) would have been entitled to receive as dividends on such Common Stock during the period commencing on the Grant Date and ending on such Vesting Date. Payments under this Paragraph shall be made as soon as administratively practicable following each such Vesting Date and shall be net of any applicable tax withholding. Notwithstanding anything herein to the contrary, if Employee is no longer employed by his or her Employer on the payment date of the dividend equivalents, and the Employer has determined, with the approval of the Chief Human Resources Officer of the Company, that it is not administratively feasible to pay such dividend equivalents, Employee will not be entitled to receive such dividend equivalents.

4. Ownership Guidelines. Guidelines pertaining to Employee's required ownership of Common Stock shall be determined by the Committee or its authorized delegate, as applicable, in its sole discretion from time to time as communicated to Employee in writing.

5. Holding Requirements. Employee must retain fifty percent (50%) of the net shares of Common Stock acquired in connection with the RSUs (net of withholding tax and any applicable fees) until ownership guidelines are met under Paragraph 4 hereof, subject to any ownership and holding requirements policies established by the Committee from time to time. Such shares shall be held in Employee's Morgan Stanley account or in another account acceptable to the Company. In addition, shares used to maintain Employee's ownership level pursuant to this award should be held with Morgan Stanley or in another account acceptable to the Company.

If employment terminates due to the death, such holding requirements shall cease at the date of death. If Employee is a Corporate officer of the Company and terminates for any other reason, the holding requirement will be applicable for a six-month period for the CEO, and a three-month period for all other officers, following termination.

6. No Rights of a Shareholder. Employee shall have no rights as a shareholder with respect to any shares of Common Stock associated with this Agreement until the date such shares are released. 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 shares are released .

7. Non-Assignability. This Agreement shall not be assignable or transferable by Employee except by will or by the laws of descent and distribution.

8. Effect of Termination of Employment Prior to Vesting Date(s).

a) Voluntary Termination; Involuntary Termination for Cause. If Employee voluntarily ceases employment with the Employer for any reason (including Retirement) except a reduction in the workforce, or if Employee's employment with the Employer is involuntarily terminated for Cause (as defined below), any RSUs that have not vested in accordance with Paragraph 2 shall be cancelled on the date of such termination of employment.

b) Involuntary Termination Without Cause; Reduction in Workforce.

(i) If Employee involuntarily ceases employment with the Employer for any reason (including Disability as defined below) other than death or for Cause, or if Employee voluntarily ceases employment with the Employer due to a reduction in workforce, any RSUs that have not yet vested in accordance with Paragraph 2 will continue to vest and become payable on their Vesting Date(s) in accordance with the terms of this Agreement, but only on a prorated basis as set forth in this Paragraph 8(b). Application of this Paragraph 8(b) may, at the discretion of the Company, be contingent upon Employee executing a general release and/or an agreement with respect to non-engagement in detrimental activity, each in a form acceptable to the Company.

(ii) The proration calculation applicable to this Paragraph 8(b) is: For each remaining Vesting Date under this Agreement, the associated Vest Quantity under Paragraph 2 is multiplied by a fraction:

- the numerator of which is the number of full months of Employee's service beginning on the Grant Date and ending on the last day of active employment with respect to Employee's termination; and
- the denominator of which is the number of full months from the Grant Date to such Vesting Date.

c) Death. If Employee ceases employment with the Employer by reason of death, 100% of the RSUs granted under this Agreement shall vest and become payable as of the date of death to Employee's personal representatives, heirs or legatees, as applicable, in accordance with Paragraph 7 and applicable law.

d) Certain Definitions. The following definitions shall apply for purposes of this Paragraph 8:

(i) Cause. "Cause" shall mean (A) a violation of any of the rules, policies, procedures or guidelines of the Employer, including but not limited to the Company's Business Ethics Policy and the Proprietary Information and Conflict of Interest Agreement (B) any conduct which qualifies for "immediate discharge" under the Employer's Human Resource Policies as in effect from time to time (C) rendering services to a firm which engages, or engaging directly or indirectly, in any business that is competitive with the Employer, or represents a conflict of interest with the interests of the Employer; (D) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (E) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(ii) Disability. Employee shall be deemed involuntarily to cease employment with the Employer by reason of "Disability" when Employee has received maximum coverage under an Employer-provided short-term disability plan.

e) Salary Continuance. For purposes of determining the number of RSUs that are vested under this Agreement, the Committee or its authorized delegate may, at its discretion, determine that termination of employment means the date on which salary continuance ends, and that "actual months of service" for such purposes include any period of salary continuance.

f) Effect of Releases. Payment will be made as soon as practicable (but not later than 70 days) after the designated payment date except that if the timing of any payment is contingent on employee action, such as execution of a release of claims or agreement, and the specified payment period straddles two calendar years, payment will be made on the second such calendar year.

9. General Restrictions. If at any time the Committee or its authorized delegate, as applicable, shall determine, in its 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 the RSUs or the release of shares upon vesting thereof, such shares shall not be released in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee or its authorized delegate, as applicable.

10. Taxes. Any payment or release of shares pursuant to this Agreement is subject to applicable tax withholding in accordance with Section 14 of the Plan. No fractional shares shall be issued as a result of such tax withholding; instead, the equivalent of any fractional share amount shall be applied to amounts withheld for taxes. Employee acknowledges that the ultimate responsibility for Employee's Federal, state and municipal individual income taxes, Employee's portion of social security and other payroll taxes, and any other taxes related to Employee's participation in the Plan and legally applicable to Employee, is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer.

11. Nature of Award. In accepting the award, Employee acknowledges that:

a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time in a manner consistent with Section 13 of the Plan regarding Plan amendment and termination and, in addition, the RSUs are subject to modification and adjustment under Section 6(b) of the Plan.

b) the award of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted repeatedly in the past;

c) all decisions with respect to future RSU awards, if any, will be at the sole discretion of the Committee or its authorized delegate, as applicable;

d) Employee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate Employee's employment relationship at any time; further, the RSU award and Employee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

e) Employee is voluntarily participating in the Plan;

f) the RSUs and the shares of Common Stock subject to the RSUs are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Employer, and which is outside the scope of Employee's employment contract, if any;

g) the RSUs and the shares of Common Stock subject to the RSUs are not intended to replace any pension rights or compensation;

h) the RSUs and the shares of Common Stock subject to the RSUs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer;

i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

j) in consideration of the award of the RSUs, no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs, including, but not limited to, forfeiture resulting from termination of Employee's employment with the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and Employee irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Employee shall be deemed irrevocably to have waived Employee's entitlement to pursue such claim; and

k) subject to the provisions in the Plan regarding Change in Control, RSUs and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

12. No Advice Regarding Award. Neither the Company nor the Employer is providing any tax, legal or financial advice, nor is the Company or the Employer making any recommendations regarding Employee's participation in the Plan, or his or her acquisition or sale of the underlying shares of Common Stock. Employee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

13. Amendment of This Agreement. With the consent of Employee, the Committee or its authorized delegate, as applicable, may amend this Agreement in a manner not inconsistent with the Plan.

14. Subsidiary. As used herein the term "subsidiary" shall mean any present or future corporation which would be a "subsidiary corporation" of the Company as the term is defined in Section 425 of the Internal Revenue Code of 1986 on the Grant Date.

15. Affiliate. As used herein the term "affiliate" shall mean any entity in which the Company has a significant equity interest, as determined by the Committee.

16. Recoupments.

a) If Employee is determined by the Committee or its authorized delegate, as applicable, in its sole discretion exercised prior to a Change in Control, to have engaged in detrimental activity against the Employer, any awards granted to Employee shall be cancelled and be of no further force or effect and any payment or release of shares from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded payment or release of shares, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable.

b) Detrimental activity may include:

(i) violating terms of a non-compete agreement with the Employer, if any;

(ii) disclosing confidential or proprietary business information of the Employer to any person or entity including but not limited to a competitor, vendor or customer without appropriate authorization from the Employer;

(iii) violating any rules, policies, procedures or guidelines of the Employer;

(iv) directly or indirectly soliciting any employee of the Employer to terminate employment with the Employer;

(v) directly or indirectly soliciting or accepting business from any customer or potential customer or encouraging any customer, potential customer or supplier of the Employer, to reduce the level of business it does with the Employer; or

(vi) engaging in any other conduct or act that is determined to be injurious, detrimental or prejudicial to any interest of the Employer.

17. Cancellation and Rescission of Award. Without limiting the foregoing paragraph regarding non-engagement in detrimental activity against the Employer, the Company may cancel any award provided hereunder if Employee is not in compliance with all of the following conditions:

a) Employee shall not render services for any organization or engage directly or indirectly in any business which would cause Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

b) Employee shall not, without prior written authorization from the Employer, disclose to anyone outside the Employer, or use in other than the Employer’s business, any confidential information or material, as specified in any agreement between the Employer and Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by Employee either during or after employment with the Employer. Notwithstanding the above, the Employer does not in any manner restrict Employee from reporting possible violations of federal, state or local laws or regulations to any governmental agency or entity. Similarly, the Employer does not in any manner restrict Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. Employee is not required to notify the Employer that he or she has made such report or disclosure, or of his or her participation in an agency investigation or proceeding.

c) Pursuant to any agreement between the Employer and Employee that contains post-employment prohibitions, Employee shall disclose promptly and assign to the Employer all right, title and interest in any invention or idea, patentable or not, made or conceived by Employee during employment with the Employer, relating in any manner to the actual or anticipated business, research or development work of the Employer, and shall do anything reasonably necessary to enable the Employer to secure a patent where appropriate in the United States and in foreign countries.

d) If Employee is determined by the Committee or its authorized delegate, as applicable, in its sole discretion exercised prior to a Change in Control, to have failed to comply with any of the provisions of this Paragraph 17, any awards granted to Employee shall be cancelled and be of no further force or effect, and any payment or release of shares from six months prior to such failure to comply may be rescinded. In the event of any such rescission, Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded payment or release of shares, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable.

18. Notices. Notices hereunder shall be in writing and if to the Company shall be mailed to the Company at 201 Merritt 7, Norwalk, CT 06851-1056, addressed to the attention of Stock Plan Administrator, and if to Employee shall be delivered personally or mailed to Employee at his address as the same appears on the records of the Company.

19. Language. If Employee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

20. Electronic Delivery and Acceptance. The Company will deliver any documents related to current or future participation in the Plan by electronic means. Employee hereby consents to receive such documents by electronic delivery, and agrees to participate in the Plan and be bound by the terms and conditions of this Agreement, through an online or electronic system established and maintained by the Company or a third party designated by the Company. Electronic acceptance by Employee is required, and the award will be cancelled if Employee fails to comply with the Company's acceptance requirement within six months of the Grant Date.

21. Interpretation of This Agreement. The Committee or its authorized delegate, as applicable, 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 Committee or its authorized delegate, as applicable, in its sole good faith judgment shall determine to be advisable. All decisions, interpretations and administrative actions made by the Committee or its authorized delegate, as applicable, hereunder or under the Plan shall be binding and conclusive on the Company and Employee. In the event there is inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

22. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and to the extent provided in Paragraph 7 to Employee's personal representatives, legatees or heirs.

23. Governing Law and Venue. The validity, construction and effect of the Agreement and any actions taken under or relating to this Agreement shall be determined in accordance with the laws of the state of New York and applicable Federal law. This grant is made and/or administered in the United States. For purposes of litigating any dispute that arises under this grant or the Agreement the parties hereby submit to and consent to the jurisdiction of the state of New York, and agree that such litigation shall be conducted in the courts of Monroe County, New York, or the federal courts for the United States for the Western District of New York.

24. Separability. In case any provision in the Agreement, or in any other instrument referred to herein, shall become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in the Agreement, or in any other instrument referred to herein, shall not in any way be affected or impaired thereby.

25. Integration of Terms. Except as otherwise provided in this Agreement, this Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes any and all oral statements and prior writings with respect thereto.

26. Appendix for Non-U.S. Countries. Notwithstanding any provisions in this Agreement, the award shall be subject to any special terms and conditions set forth in any appendix to this Agreement for Employee's country (the "Appendix"). Moreover, if Employee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Employee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

27. Imposition of Other Requirements. The Committee or its authorized delegate, as applicable, reserves the right to impose other requirements on Employee's participation in the Plan, on the RSUs and on any shares of Common Stock acquired under the Plan, to the extent the Committee or its authorized delegate, as applicable, determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

APPENDIX TO THE
AGREEMENT PURSUANT TO XEROX HOLDINGS CORPORATION
PERFORMANCE INCENTIVE PLAN

This Appendix includes additional terms and conditions that govern an award (the "Equity Award") granted under the Plan to individuals outside the United States (the “International Participants”). Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Agreement.

Section I of this Appendix includes special terms and conditions that apply to Equity Awards granted to all the International Participants.

Section II of this Appendix includes special terms, conditions and notifications that apply to Equity Awards granted to the International Participants in certain specific countries as reflected herein.

Because the Plan involves the offer of shares of Common Stock, local securities laws must be considered, including securities compliance requirements and ongoing reporting requirements. The Plan also may involve the transfer of funds across borders. Local exchange control restrictions may affect these transfers of funds and securities by the Employer and the International Participants. This Appendix includes information regarding these exchange controls and certain other issues of which the International Participants should be aware with respect to the International Participant’s participation in the Plan. **The information reflected herein is based on the securities, exchange control and other laws in effect in the respective countries as of January 2022.** Such laws are often complex and change frequently. As a result, the Company strongly recommends that an International Participant not rely on the information in this Appendix as the only source of information relating to the consequences of the International Participant’s participation in the Plan because the information may be out of date at the time that the International Participant’s Equity Award vests or the International Participant sells shares of Common Stock acquired under the Plan.

The information contained herein is general in nature and may not apply to the International Participant’s particular situation and the Company is not in a position to assure the International Participant of any particular result. Accordingly, the International Participant is advised to seek appropriate professional advice as to how the relevant laws in the International Participant’s country may apply to the International Participant’s situation.

If the International Participant is a citizen or resident of a country other than the one in which the International Participant is currently working, transferred employment after the Equity Award grant is made, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to the International Participant. Notwithstanding anything contained herein or in the Agreement to the contrary, the Company reserves the right to cancel the Equity Award, and to replace it with a cash award, if the International Participant moves or is transferred to another country after the Equity Award grant is made or is considered a resident of another country for local law purposes that is not included under the Equity Award program maintained by the Company.

Finally, if the International Participant relocates to another country, the special terms and conditions for such country as reflected in this Appendix will apply to the International Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules or regulations or facilitate the administration of the Equity Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or desirable to facilitate the International Participant's relocation).

I. TERMS AND CONDITIONS FOR ALL COUNTRIES

Payment of Taxes. The following provision supplements the "Taxes" section of the Agreement:

Regardless of any action the Company or the Employer takes with respect to any or all income tax, the International Participant's portion of social insurance, payroll tax, fringe tax benefit, payment on account or other tax-related items related to the International Participant's participation in the Plan and legally applicable to the International Participant ("Tax-Related Items"), the International Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the International Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer.

The International Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Equity Award, including, but not limited to, the grant of the Equity Award, the issuance of shares of Common Stock upon vesting/settlement of the Equity Award, the subsequent sale of shares of Common Stock acquired pursuant to such issuance and the receipt of any dividends or dividend equivalents; and (2) do not commit to, and are under no obligation to, structure the terms of the grant or any aspect of the Equity Award to reduce or eliminate the International Participant's liability for Tax-Related Items or achieve any particular tax result.
Further, if the International Participant has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, the International Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The International Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (1) withholding from the International Participant's wages or other cash compensation paid to the International Participant by the Company and/or the Employer; or (2) withholding from the proceeds of the sale of shares of Common Stock acquired upon vesting/settlement of the Equity Award either through a voluntary sale or through a mandatory sale arranged by the Company (on the International Participant's behalf pursuant to this authorization); or (3) withholding in shares of Common Stock to be issued upon vesting/settlement of the Equity Award.

Notwithstanding the foregoing, if the Employee is subject to Section 16 of the U.S. Securities Exchange Act of 1934, as amended, pursuant to Rule 16a-2 promulgated thereunder, any tax withholding obligations shall be satisfied by the having the Company withhold in whole shares of Common Stock to be issued upon vesting/ settlement of the Equity Award.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding amounts or other applicable withholding rates, including maximum applicable rates. If the maximum rate is used, any over-withheld amount may be refunded to the International Participant in cash by the Company or Employer (with no entitlement to the share equivalent) or, if not refunded, the International Participant may seek a refund from the local tax authorities. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, the International Participant is deemed to have been issued the full number of shares of Common Stock subject to the vested Equity Award, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the International Participant's participation in the Plan.

The International Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the International Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares of Common Stock or the proceeds of the sale of shares of Common Stock, if the International Participant fails to comply with this obligation.

Termination of Employment.

For purposes of this Equity Award and except as otherwise provided in a termination/separation agreement applicable to the International Participant, the International Participant's employment will be considered terminated as of the date the International Participant is no longer actively providing services to the Company or the Employer (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment or other laws in the jurisdiction where the International Participant are employed or otherwise rendering services or the terms of the International Participant's employment or other service agreement, if any) (the "Termination Date"). The Termination Date will not be extended by any notice period (*e.g.,* the International Participant's period of employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment or other laws in the jurisdiction where the International Participant is employed or otherwise rendering services or the terms of the International Participant's employment or other service agreement, if any). The Committee or its delegate shall have the exclusive discretion to determine when the International Participant is no longer actively providing services for purposes of the Equity Awards (including whether the International Participant may still be considered to be providing services while on a leave of absence).

Recoupment Rights. The following provision supplements the "Recoupments" section of the Agreement:

(c) For purposes of this Agreement, the International Participant expressly and explicitly authorizes the Company to issue instructions, on the International Participant 's behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold the International Participant 's shares of Common Stock and other amounts acquired under the Plan to re-convey, transfer or otherwise return such shares of Common Stock and/or other amounts to the Company upon the enforcement of the Company's recovery, "clawback" or similar policies.

Insider Trading Restrictions/Market Abuse Laws. By participating in the Plan, the International Participant expressly agrees to comply with the Company's insider trading policies and any other of its policies regarding insider trading or personal account dealing applicable to the International Participant. Further, the International Participant expressly acknowledges and agrees that, depending on the International Participant's country of residence or the location of the International Participant's broker, or where shares of Common Stock are listed, the International Participant may be subject to insider trading restrictions and/or market abuse laws which may affect the International Participant's ability to accept, acquire, sell or otherwise dispose of shares of Common Stock, rights to shares of Common Stock (e.g., the Equity Award) or rights linked to the value of shares of Common Stock, during such times the International Participant is considered to have, "inside information" or similar types of information regarding the Company as defined by the laws or regulations in the applicable country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the International Participant place before the International Participant possessed such information. Furthermore, the International Participant may be prohibited from (a) disclosing such information to any third party (other than on a "need to know" basis) and (b) "tipping" third parties or causing them otherwise to buy or sell securities (including other employees of the Company or any of its subsidiaries or affiliates). Any restriction under these laws or regulations is separate from and in addition to any restrictions that may be imposed under any applicable Company policies. The International Participant expressly acknowledges and agrees that it is the Employee's responsibility to comply with any applicable restrictions, and the International Participant should consult the International Participant 's personal advisor for additional information on any trading restrictions that may apply to the International Participant.

Age Discrimination Rules. If the International Participant is a resident and/or employed in a country that is a member of the European Union or the European Economic Area, the Equity Award, this Appendix, and the Agreement are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of this Appendix, the Agreement, or the Plan are invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

Consent to the Collection, Processing, Use and Transfer of the International Participant 's Personal Data

(a) <u>General</u>. The Company is located at P.O. Box 4505, 201 Merritt 7, Norwalk, Connecticut 06851-1056, United States of America and grants awards under the Plan to employees of the Company and its subsidiaries or affiliates in its sole discretion. In conjunction with the Company's grant of the Equity Award under the Plan to the Employee and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices ("Personal Data Activities"). In accepting the grant of the Equity Award, the International Participant expressly and explicitly consents to the Personal Data Activities as described herein.

(b) <u>Data Collection, Processing and Usage</u>. The Company collects, processes and uses the International Participant's personal data, including the International Participant's name, home address, email address, and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any shares of Common Stock or directorships held in the Company, and details of all Equity Awards or any other equity compensation awards granted, canceled, exercised, vested, or outstanding in the International Participant's favor, which the Company receives from the International Participant or the Employer. In granting the Equity Award under the Plan, the Company will collect the International Participant's personal data for purposes of allocating shares of Common Stock and implementing, administering and managing the Plan. The Company's legal basis for the collection, processing and usage of the International Participant's personal data is the International Participant's consent.

(c) <u>Stock Plan Administration Service Provider</u>. The Company transfers the International Participant's personal data to Morgan Stanley Smith Barney, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan (the "Stock Plan Administrator"). In the future, the Company may select a different Stock Plan Administrator and share the International Participant's personal data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for the International Participant to receive and trade shares of Common Stock acquired under the Plan. The International Participant will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to the International Participant's ability to participate in the Plan.

(d) <u>International Data Transfers</u>. The Company and the Stock Plan Administrator are based in the United States. The International Participant should note that the International Participant's country of residence may have enacted data privacy laws that are different from the United States. The Company's legal basis for the transfer of the International Participant's personal data to the United States is the International Participant's consent.

(e) <u>Voluntariness and Consequences of Consent Denial or Withdrawal</u>. The International Participant's participation in the Plan and the International Participant 's grant of consent is purely voluntary. The International Participant may deny or withdraw the International Participant 's consent at any time. If the International Participant does not consent, or if the International Participant later withdraws the International Participant 's consent, the International Participant may be unable to participate in the Plan. This would not affect the International Participant's existing employment or salary; instead, the International Participant merely may forfeit the opportunities associated with the Plan.

(f) <u>Data Subjects Rights</u>. The International Participant may have a number of rights under the data privacy laws in the International Participant's country of residence. For example, the International Participant's rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in the International Participant's country of residence, and/or (vi) request a list with the names and addresses of any potential recipients of the International Participant's personal data. To receive clarification regarding the International Participant's rights or to exercise the International Participant 's rights, the International Participant should contact the International Participant 's local human resources department.

II. COUNTRY-SPECIFIC TERMS, CONDITIONS AND NOTIFICATIONS

EUROPEAN UNION/EUROPEAN ECONOMIC AREA, SWITZERLAND AND UNITED KINGDOM

Terms and Conditions

If the International Participant resides and/or is employed in the European Union/European Economic Area, Switzerland or the United Kingdom, the following provision replaces the “Consent to the Collection, Processing, Use and Transfer of the International Participant's Personal Data” section in Part I of this Appendix:

(a) <u>General</u>. The Company is located at P.O. Box 4505, 201 Merritt 7, Norwalk, Connecticut 06851-1056, United States of America and grants awards under the Plan to employees of the Company and its subsidiaries or affiliates in its sole discretion. In conjunction with the Company’s grant of the Equity Award under the Plan to the International Participant and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices (“Personal Data Activities”). The International Participant should carefully review this information about the Company's Personal Data Activities.

(b) <u>Data Collection, Processing and Usage</u>. The Company collects, processes and uses the International Participant’s personal data, including the International Participant’s name, home address, email address, and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any shares of Common Stock or directorships held in the Company, and details of all Equity Awards or any other equity compensation awards granted, canceled, exercised, vested, or outstanding in the International Participant’s favor, which the Company receives from the International Participant or the Employer. In granting the Equity Award under the Plan, the Company will collect the International Participant’s personal data for purposes of allocating shares of Common Stock and implementing, administering and managing the Plan. The Company’s legal basis for the collection, processing and usage of the International Participant’s personal data is the Company’s legitimate interest of managing the Plan and generally administering employee equity awards granted under the Plan, and to satisfy its contractual obligations under the terms of the Agreement and this Appendix. The International Participant’s refusal to provide personal data may affect the International Participant’s ability to participate in the Plan.

(c) <u>Stock Plan Administration Service Provider</u>. The Company transfers the International Participant’s personal data to Morgan Stanley Smith Barney, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan (the “Stock Plan Administrator”). In the future, the Company may select a different Stock Plan Administrator and share the International Participant’s personal data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for the International Participant to receive and trade shares of Common Stock acquired under the Plan. The International Participant will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to the International Participant’s ability to participate in the Plan.

(d) <u>International Data Transfers</u>. The Company and the Stock Plan Administrator are based in the United States. The International Participant should note that the International Participant’s country of residence has enacted data privacy laws that are different from the United States. The International Participant understands and acknowledges that the United States has enacted data privacy laws that are less protective or otherwise different from those applicable in the International Participant’s country of residence. For example, an appropriate level of protection can be achieved by implementing safeguards such as the Standard Contractual Clauses adopted by the EU Commission. The Company's onward transfer of the International Participant's personal data by the Company to the Stock Plan Administrator will be based on the applicable data protection laws. The International Participant may request a copy of such appropriate safeguards at globalcompplanning@xerox.com.

(e) <u>Data Retention</u>. The Company will use the International Participant's personal data only as long as necessary to implement, administer and manage the International Participant's participation in the Plan or as required to comply with legal or regulatory obligations, including, without limitation, under tax and securities laws. When the Company no longer needs the International Participant's personal data for any of the above purposes, which will generally be seven (7) years after the International Participant participates in the Plan, the Company will cease to use the International Participant's personal data and remove it from its systems. If the Company keeps the International Participant's personal data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.

(f) <u>Data Subject Rights</u>. The International Participant understands that the International Participant may have a number of rights under data privacy laws in the International Participant's country of residence. Subject to the conditions set out in the applicable law and depending on where the International Participant is based, such rights may include the right to (i) request access to, or copies of, the International Participant's personal data processed by the Company, (ii) rectification of incorrect personal data of the International Participant, (iii) deletion of the International Participant's personal data, (iv) restrictions on the processing of the International Participant's personal data, (v) object to the processing of the International Participant's personal data for legitimate interests, (vi) portability of the International Participant's personal data, (vii) lodge complaints with competent authorities in the International Participant's country of residence, and/or to (viii) receive a list with the names and addresses of any potential recipients of the International Participant's personal data. To receive clarification regarding these rights or to exercise these rights, the International Participant can contact globalcompplanning@xerox.com.

(g) <u>Necessary Disclosure of Personal Data</u>. The International Participant understands that providing the Company with the International Participant's personal data is necessary for the performance of the Agreement and that the International Participant's refusal to provide the International Participant's personal data would make it impossible for the Company to perform its contractual obligations and may affect the International Participant's ability to participate in the Plan.

ARGENTINA

Notifications

Securities Law Notice. The Equity Award is not publicly offered or listed on any stock exchange in Argentina. The grant of the Equity Award to the International Participant is private and not subject to the supervision of any Argentine governmental authority. Neither this nor any other grant documents related to the Equity Award may be utilized in connection with any general offering not the public in Argentina.

Exchange Control Notice. Provided the International Participant is not required to purchase foreign currency and remit funds out of Argentina to acquire shares of Common Stock under the Plan, local exchange control restrictions will not apply. However, if so required, the International Participant personally is responsible for complying with all Argentine currency exchange regulations, approvals and reporting requirements. *Exchange control requirements in Argentina are subject to change; the International Participant should consult with the International Participant's personal advisor regarding any personal obligations the International Participant may have with respect to the Equity Award granted under the Plan.*

Foreign Asset/Account Reporting Information. If the International Participant holds shares of Common Stock as of 31 December of any year, the International Participant personally is required to report the holding of the shares of Common Stock on the International Participant's personal tax return for the relevant year.

AUSTRIA

Notifications

Exchange Control Notice. If the International Participant holds securities (including shares of Common Stock acquired under the Plan) or cash (including proceeds from the sale of shares of Common Stock) outside of Austria, the International Participant may be subject to reporting obligations to the Austrian National Bank. If the value of the shares of Common Stock meets or exceeds a certain threshold, the International Participant must report the securities held on a quarterly basis to the Austrian National Bank as of the last day of the quarter, on or before the 15th day of the month following the end of the calendar quarter. In all other cases, an annual reporting obligation applies and the report has to be filed as of December 31 on or before January 31 of the following year. Where the cash amounts held outside of Austria meets or exceeds a certain threshold, monthly reporting obligations apply as explained in the next paragraph.

If the International Participant sells the shares of Common Stock, or receive any cash dividends, the International Participant may have exchange control obligations if the International Participant holds the cash proceeds outside of Austria. If the transaction volume of all the International Participant's accounts abroad meets or exceeds a certain threshold, the International Participant must report to the Austrian National Bank the movements and balances of all accounts on a monthly basis, as of the last day of the month, on or before the 15th day of the following month, on the prescribed form (*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*).

The International Participant should consult with the International Participant's personal advisor to determine the International Participant's personal reporting obligations.

BELGIUM

Notifications

Foreign Asset/Account Reporting Information. The International Participant is required to report any securities (e.g., shares of Common Stock acquired under the Plan) or bank accounts (including brokerage accounts) opened and maintained outside of Belgium on the International Participant's annual tax return. The International Participant also will be required to complete a separate report, providing the National Bank of Belgium with details regarding any such account (including the account number, the name of the bank in which such account is held and the country in which such account is located). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under *Kredietcentrales / Centrales des crédits* caption.

Stock Exchange Tax Information. A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax will apply when shares of Common Stock acquired pursuant to the Equity Award are sold. The International Participant should consult with a personal tax or financial advisor for additional details on the International Participant's personal obligations with respect to the stock exchange tax.

Annual Securities Account Tax. An annual securities accounts tax may be payable if the total value of securities held in a Belgian or foreign securities account (e.g., shares of Common Stock acquired under the Plan) exceeds a certain threshold on four reference dates within the relevant reporting period (i.e., March 31, June 30, September 30 and December 31). In such case, the tax will be due on the value of the qualifying securities held in such account. The International Participant should consult with a personal tax or financial advisor for additional details on the International Participant's obligations with respect to the annual securities account tax.

BRAZIL

Terms and Conditions

Nature of Grant. The following provisions supplement the "Nature of Award" section of the Agreement:

By accepting the Equity Award, the International Participant agrees that the International Participant is making an investment decision, the shares of Common Stock will be issued to the International Participant only if the vesting conditions are met and any necessary services are rendered by the International Participant over the vesting period, and the value of the underlying shares of Common Stock is not fixed and may increase or decrease in value over the vesting period without compensation to the International Participant.

Further, the International Participant agrees, for all legal purposes, (i) the benefits provided under the Agreement and the Plan are the result of commercial transactions unrelated to the International Participant's employment; (ii) the Agreement and the Plan are not a part of the terms and conditions of the International Participant's employment; and (iii) the income from the Equity Award, if any, is not part of the International Participant's remuneration from employment.

Compliance with Law. By accepting the Equity Award, the International Participant acknowledges and agrees to comply with applicable Brazilian laws and agrees to report and pay any and all applicable taxes associated with the Equity Award, the receipt of any dividends, or dividend equivalents, and the sale of shares of Common Stock acquired under the Plan.

Notifications

Exchange Control Notice. If the International Participant is resident or domiciled in Brazil, the International Participant will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is US$1,000,000 or more but less than US$100,000,000. If the aggregate value exceeds US$100,000,000, a declaration must be submitted quarterly. Assets and rights that must be reported include shares of Common Stock of the Company acquired under the Plan.

BULGARIA

Notifications

Exchange Control Notice. The International Participant will be required to file statistical forms with the Bulgarian National Bank annually regarding the International Participant's receivables in bank accounts abroad as well as securities held abroad (*e.g.,* shares of Common Stock acquired under the Plan) if the total sum of all such receivables and securities equal or exceeds a specified threshold (currently BGN 50,000) as of the previous calendar year-end. The reports are due by 31 March. The International Participant should contact the International Participant's bank in Bulgaria for additional information regarding this requirement.

CANADA

Terms and Conditions

Settlement in Shares of Common Stock. Notwithstanding anything to the contrary in the Agreement, this Appendix, and the Plan, the Equity Award shall be settled only in shares of Common Stock (and may not be settled in cash).

Acknowledgement of Nature of Plan and the Equity Award. For purposes of the Equity Awards, the International Participant's employment will be considered terminated (regardless of the reason for termination, whether or not later found to be invalid or unlawful for any reason or in breach of employment or other laws or rules in the jurisdiction where the International Participant is providing services or the terms of the International Participant's employment or service agreement, if any) as of the date that is the earliest of: (i) the date that the International Participant is no longer actively providing services to the Company or the Employer or (ii) the date on which the International Participant receives written notice of termination of employment (the "Termination Date"), except, in either case, to the extent applicable employment standards legislation requires the Equity Awards to continue through any minimum termination notice period applicable under the legislation. In such case, the Termination Date will be the last day of the International Participant's minimum statutory termination notice period.
Unless otherwise expressly provided in the Agreement or explicitly required by applicable legislation, the International Participant's right to vest in the Equity Awards under the Plan, if any, will terminate as of the Termination Date and the International Participant will not earn or be entitled to (A) any pro-rated vesting for that period of time before the Termination Date, (B) any unvested portion of the Equity Awards grant, or (C) any payment of damages in lieu thereof. To be clear, there shall be no vesting of Equity Awards during any applicable common law or civil law reasonable notice period following the Termination Date or any payment of damages in lieu thereof. Subject to applicable legislation, in the event the Termination Date cannot be reasonably determined under the terms of the Agreement and/or the Plan, the Committee or its delegate shall have the exclusive discretion to determine the Termination Date.

The following provisions will apply if the International Participant is a resident of Quebec:

Data Privacy. The following provision supplements the "Consent to the Collection, Use and Transfer of the International Participant's Personal Data" section in Section I of this Appendix:

The International Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the International Participant's participation in the Plan. The International Participant further authorizes the Company and its subsidiaries or affiliates and the administrator of the Plan to disclose and discuss the International Participant's participation in the Plan with their advisors. The International Participant further authorizes the Employer to record such information and to keep such information in the International Participant's employee file.

Language Consent. By accepting the grant of Equity Awards, the International Participant acknowledges that the International Participant is proficient in reading and understanding English and fully understands the terms of the documents related to the grant (the Agreement and the Plan), which were provided in the English language. The International Participant accepts the terms of those documents accordingly.

Consentement relatif à la langue*. En acceptant l'attribution d'actions gratuites, le Participant International reconnaît qu'il maîtrise la lecture de l'anglais et comprend l'anglais, et qu'il comprend parfaitement les termes des documents relatifs à l'attribution (le Contrat et le Plan), qui ont été fournis en anglais. Le Participant International accepte les termes de ces documents en conséquence.*

Notifications

Securities Law Notice. The International Participant is permitted to sell shares of Common Stock acquired under the Plan through the designated broker appointed under the Plan, if any, provided the sale of the shares of Common Stock takes place outside of Canada through the facilities of a stock exchange on which the shares are listed (*i.e.*, the NASDAQ).

Foreign Asset/Account Reporting Information. Specified foreign property (including the Equity Award and shares of Common Stock) held by Canadian residents must be reported annually on Form T1135 (Foreign Income Verification Statement) if the total value of such specified foreign property exceeds C$100,000 at any time during the year. Thus, such Equity Award must be reported - generally at nil cost - if the C$100,000 cost threshold is exceeded because the International Participant holds other foreign property. When shares of Common Stock are acquired, their cost generally is the adjusted cost base ("ACB") of the shares of Common Stock. The ACB would ordinarily equal the fair market value of the shares of the Common Stock at the time of acquisition, but if the International Participant owns other shares of Common Stock of the same company, this ACB may need to be averaged with the ACB of the other shares of Common Stock. It is the International Participant's responsibility to comply with applicable reporting obligations.

CHILE

Notifications

Securities Law Notice. The offer of the Equity Awards constitutes a private offering in Chile effective as of the Grant Date. The offer of the Equity Awards is made subject to general ruling n° 336 of the Chilean Commission of the Financial Market ("CMF"). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given that the Equity Award are not registered in Chile, the Company is not required to provide information about the Equity Awards or the underlying shares of Common Stock in Chile. Unless the Equity Awards and/or the shares of Common Stock are registered with the CMF, a public offering of such securities cannot be made in Chile.

Exchange Control Information. Chilean residents are not required to repatriate any proceeds obtained from the sale of shares of Common Stock or the receipt of dividends to Chile. However, if the Chilean resident International Participant decides to repatriate proceeds from the sale of shares of Common Stock or the receipt of dividends and the amount of the proceeds to be repatriated exceeds US$10,000, the International Participant must effect such repatriation through the Formal Exchange Market. It is unnecessary to convert any repatriated funds into Chilean currency.

Foreign Asset/Account Reporting Information. If a Chilean resident holds shares of Common Stock acquired under the Plan outside Chile, the International Participant may be required to inform the Chilean Internal Revenue Service (the "CIRS") regarding (a) the results of investments held abroad, and (b) any taxes paid abroad which the Chilean resident will use as credit against Chilean income tax. The sworn statements disclosing this information (or *Formularios*) must be reported on Form 1929 and submitted electronically through the CIRS website (www.sii.cl) before July 1 of each year, depending on the assets and/or taxes being reported. Failure to satisfy these requirements could result in ineligibility to receive certain foreign tax credits. As these requirements are subject to change, the International Participant should consult with the International Participant's personal tax advisor to determine applicable reporting obligations to the CIRS.

CZECH REPUBLIC

Notifications

Exchange Control Notice. The International Participant may be required to notify the Czech National Bank that the International Participant acquired shares of Common Stock under the Plan and/or that the International Participant maintains a foreign account. Such notification will be required if the aggregate value of the International Participant’s foreign direct investments is CZK 2,500,000 or more, the International Participant has a certain threshold of foreign financial assets, or the International Participant is specifically requested to do so by the Czech National Bank. The International Participant should consult with the International Participant's personal advisor regarding the International Participant’s reporting requirements.

DENMARK

Terms and Conditions

Nature of Award. The following provisions supplement the “Nature of Award” section of the Agreement:

By accepting the Equity Awards, the International Participant acknowledges that the International Participant understands and agrees that the Equity Awards relate to future services to be performed and are not a bonus or compensation for past services.

Danish Stock Option Act. The International Participant acknowledges that the International Participant has received an Employer Statement translated into Danish, which is being provided to comply with the Danish Stock Option Act, as amended effective January 1, 2019 (the “Stock Option Act”), which is attached as Exhibit A.

Notifications

Foreign Asset/Account Reporting Information. If the International Participant establishes an account holding shares of Common Stock or cash outside Denmark, the International Participant must report the account to the Danish Tax Administration on the International Participant’s individual income tax return under the section related to foreign affairs and income. The form which should be used in this respect can be obtained from a local bank.

ECUADOR

Notifications

Foreign Asset/Account Reporting Information. The International Participant will be responsible for including any award that vested during the previous fiscal year in the International Participant’s annual Net Worth Declaration if the International Participant’s net worth exceeds the thresholds set forth in the law. The net worth declaration must be filed in May of the following year using the electronic form on the tax authorities’ website (www.sri.gob.ec). Penalties will apply to a late filing and it is not possible to seek an extension. *The International Participant should consult with the International Participant's personal advisor to determine the International Participant's personal reporting obligations.*

EGYPT

Notifications

Exchange Control Notice. If the International Participant transfers funds into Egypt in connection with the sale of shares of Common Stock, the International Participant will be required to transfer such funds through a registered bank in Egypt.

FINLAND

No country-specific provisions.

FRANCE

Terms and Conditions

Award Not Tax-Qualified. The Equity Award is not intended to be French tax-qualified.

Language Consent. By accepting the grant of Equity Awards, the International Participant acknowledges that the International Participant is proficient in reading and understanding English and fully understands the terms of the documents related to the grant (the Agreement and the Plan), which were provided in the English language. The International Participant accepts the terms of those documents accordingly.

Consentement relatif à la langue*. En acceptant l'attribution d'actions gratuites, le Participant International reconnaît qu'il maîtrise la lecture de l'anglais et comprend l'anglais, et qu'il comprend parfaitement les termes des documents relatifs à l'attribution (le Contrat et le Plan), qui ont été fournis en anglais. Le Participant International accepte les termes de ces documents en conséquence.*

Notifications

Exchange Control Notice. The value of any cash or securities imported to or exported from France without the use of a financial institution must be reported to the customs and excise authorities when the value of such cash or securities is equal to or greater than a certain amount. *The International Participant should consult with the International Participant's personal advisor for further details regarding this requirement.*

Foreign Asset/Account Reporting Information. The International Participant must report annually any shares and bank accounts the International Participant holds outside France, including the accounts that were opened, used and/or closed during the tax year, to the French tax authorities, on an annual basis on a special Form N° 3916, together with the International Participant's personal income tax return. Failure to report triggers a significant penalty.

GERMANY

Notifications

Exchange Control Notice. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (Bundesbank). For payments in connection with securities (including proceeds realized upon the sale of shares of Common Stock or the receipt of dividends), the report must be filed electronically by the 5th day of the month following the month in which the payment was received. The form of report ("Allgemeine Meldeportal Statistik") can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English. The International Participant personally is responsible for making this report.

Foreign Asset/Account Reporting Information. If the International Participant's acquisition of shares of Common Stock under the Plan leads to a "qualified participation" at any point during the calendar year, the International Participant must report the acquisition when the International Participant files a tax return for the relevant year. A "qualified participation" is attained if (i) the value of the shares of Common Stock acquired exceeds €150,000, or (ii) in the unlikely event the International Participant holds shares of Common Stock exceeding 10% of the Company's total common stock.

GREECE

Notifications

Foreign Asset/Account Reporting Information. The reporting of foreign assets (including shares of Common Stock acquired under the Plan and other investments) is the International Participant's personal obligation and should be completed through the International Participant's annual tax return.

GUATEMALA

Terms and Conditions

Language Waiver*.* By participating in the Plan, the International Participant acknowledges that the International Participant is proficient in reading and understanding English and fully understands the terms of the Plan, or, alternatively, that the International Participant will seek appropriate assistance to understand the terms and conditions in the Agreement and this Appendix.

HONG KONG

Terms and Conditions

Settlement in Shares. Notwithstanding anything to the contrary in the Agreement, this Appendix, and the Plan, the Equity Award shall be settled only in shares of Common Stock (and may not be settled in cash).

Sale Restriction. To facilitate compliance with securities laws in Hong Kong, the International Participant agrees not to sell the shares of Common Stock issued upon vesting of the Equity Award within six (6) months of the Grant Date.

Securities Law Notice. *WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The International Participant is advised to exercise caution in relation to the offer. If the International Participant is in any doubt about any of the contents of the documents, the International Participant should obtain independent professional advice. The Equity Award and shares of Common Stock acquired upon vesting of the Equity Award does not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or any subsidiary or affiliate. The Agreement, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. The Equity Award is intended only for the personal use of each eligible employee of the Employer, the Company or any subsidiary or affiliate and may not be distributed to any other person.*

Nature of Scheme. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). Notwithstanding the foregoing, if the Plan is deemed to constitute an occupational retirement scheme for the purposes of ORSO, the International Participant's grant shall be void.

INDIA

Notifications

Exchange Control Notice. The International Participant must repatriate any funds received pursuant to the Plan (*e.g.*, proceeds from the sale of shares of Common Stock or cash dividends) to India within such time as prescribed under applicable Indian exchange control laws as may be amended from time to time. The International Participant should obtain evidence of the repatriation of funds in the form of a foreign inward remittance certificate ("FIRC") from the bank where the International Participant deposits the foreign currency. The International Participant should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation.

Because exchange control regulations can change frequently and without notice, the International Participant should consult the International Participant's personal advisor before selling shares of Common Stock to ensure compliance with current regulations. It is the International Participant’s responsibility to comply with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from the International Participant’s failure to comply with applicable laws.

Foreign Asset/Account Reporting Information. The International Participant is required to declare the International Participant's foreign bank accounts and any foreign financial assets (including shares of Common Stock held outside India) in the International Participant’s annual tax return. It is the International Participant’s responsibility to comply with this reporting obligation and the International Participant should consult the International Participant's personal advisor in this regard as significant penalties may apply in the case of non-compliance with foreign asset/account reporting requirements and because such requirements may change.

IRELAND

Notifications

Director Notification Requirement. If the International Participant is a director, shadow director[1] or secretary of the Company or a subsidiary or an affiliate of the Company established in Ireland (an “Irish Affiliate”) and has a 1% or more shareholding interest in the Company, the International Participant must notify the Company or the Irish Affiliate, as applicable, in writing when the International Participant receives or disposes of an interest in the Company (*e.g.*, Equity Awards, shares of Common Stock, etc.), when the International Participant becomes aware of the event giving rise to the notification requirement, or when the International Participant becomes a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or minor children (whose interests will be attributed to the director, shadow director or secretary). *If applicable, the International Participant should consult with the International Participant's personal advisor for further details regarding this requirement.*

ISRAEL

Notifications

Securities Law Notice. The grant of the Equity Award does not constitute a public offering under the Securities Law, 1968.

Indemnification for Tax Liabilities. As a condition of the grant of the Equity Award, the International Participant expressly consents and agrees to indemnify the Company and/or the International Participant's Employer and hold them harmless from any and all liability attributable to taxes, interest or penalties thereon, including without limitation, liabilities relating to the necessity to withhold any taxes.

[1] A shadow director is an individual who is not on the board of directors of the Company or the Irish Affiliate but who has sufficient control so that the board of directors of the Company or the Irish Affiliate, as applicable, acts in accordance with the directions and instructions of the individual.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting the Equity Award, the International Participant acknowledges that the International Participant has online access to a copy of the Plan (at: www.stockplanconnect.com) and is deemed to have received a copy and reviewed it, and has received the Agreement and has reviewed the Agreement, including this Appendix, in their entirety and fully understands and accepts all provisions of the Plan and the Agreement, including this Appendix. The International Participant further acknowledges that the International Participant has read and specifically and expressly approves the sections of the Agreement entitled “No Rights of a Shareholder”, “Non-Assignability”, “Taxes”, “Nature of Award”, “Recoupments”, “Cancellation and Rescission of Award”, “Interpretation of This Agreement,” “Governing Law and Venue,” “Appendix for Non-U.S. Countries” and “Imposition of Other Requirements.”

Notifications

Foreign Asset/Account Reporting Information. Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and shares of Common Stock) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also will apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

Foreign Asset Tax Information. The value of the financial assets held outside of Italy by Italian residents is subject to a foreign asset tax. Such tax is currently levied at an annual rate of 2 per thousand (0.2%). The taxable amount will be the fair market value of the financial assets (*e.g.,* shares of Common Stock) assessed at the end of the calendar year. No tax payment duties arise if the value of the foreign assets held abroad does not exceed €6,000.

MEXICO

Terms and Conditions

Nature of Grant. The following provision supplements the "Nature of Award" section of the Agreement:

By accepting the Equity Award, the International Participant understands and agrees that any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment.

Policy Statement. The invitation the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at P.O. Box 4505, 201 Merritt 7, 7th Floor, Norwalk, Connecticut 06851-1056, U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and, in the International Participant’s case, the acquisition of shares of Common Stock does not, in any way, establish an employment relationship between the International Participant and the Company since the International Participant is participating in the Plan on a wholly commercial basis and the sole employer is Xerox Mexicana, S.A. de C.V., as applicable, nor does it establish any rights between the International Participant and the Employer.

Plan Document Acknowledgment. By accepting the Equity Award, the International Participant acknowledges that the International Participant has online access to a copy of the Plan (at: www.stockplanconnect.com) and is deemed to have received a copy and reviewed it, and has received and reviewed the Agreement, including this Appendix, in their entirety and fully understands and accepts all provisions of the Plan and the Agreement.
In addition, by accepting the Agreement, the International Participant further acknowledges that the International Participant has read and specifically and expressly approve the terms and conditions in the paragraph of the Agreement entitled "Nature of Award", in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; and (iii) participation in the Plan is voluntary.

Finally, the International Participant hereby declares that the International Participant does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of participation in the Plan and therefore grants a full and broad release to the Employer and the Company and its subsidiaries or affiliates with respect to any claim that may arise under the Plan.

Spanish Translation

Términos y Condiciones

***Reconocimiento de la Ley Laboral**. Estas disposiciones complementan la Sección del Acuerdo entitulada « Nature of Award, »:*

Por medio de la aceptación de la concesión, el Participante Internacional manifiesta que el entiende y acuerda que cualquier modificación del Plan o su terminación no constituye un cambio o desmejora en los términos y condiciones de empleo.

***Declaración de Política**. La invitación por parte de la Compañía bajo el Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin ninguna responsabilidad.*

La Compañía, con oficinas registradas ubicadas en P.O. Box 4505, 201 Merritt 7, 7th Floor, Norwalk, Connecticut 06851-1056 EE.UU., es la única responsable por la administración del Plan y de la participación en el mismo y, la adquisición de Acciones no establece de forma alguna, una relación de trabajo entre el Participante Internacional. y la Compañía, ya que la participación en el Plan por su parte es completamente comercial y el único patrón es Xerox Mexicana, S.A. de C.V., en caso de ser aplicable, así como tampoco establece ningún derecho entre el Participante Internacional y el patrón.

***Reconocimiento del Plan de Documentos**. Por medio de la aceptación de la Concesión, el Participante Internacional reconoce que él tiene acceso en línea a las copias del Plan (en el sitio Web* www.stockplanconnect.com*) y que se considerará haber recibido y revisado tales copias, y que el mismo ha sido revisado al igual que la totalidad del Acuerdo, incluyendo el presente Apéndice, y, que el Participante Internacional entiende y acepta las disposiciones contenidas en el Plan y en el Acuerdo.*

Adicionalmente, al aceptar el Acuerdo, el Participante Internacional reconoce que el ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en la sección del Acuerdo titulada [«Nature of Award»] en la cual se encuentra claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, así como sus subsidiarys no son responsables por cualquier detrimento en el valor de las Acciones en relación con la Concesión.

Finalmente, por medio de la presente el Participante Internacional declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de la participación en el Plan y en consecuencia, otorga el más amplio finiquito a su patrón, así como a la Compañía, a sus subsidiarys con respecto a cualquier demanda que pudiera originarse en virtud del Plan.

Notifications

Securities Law Notice. The Equity Awards and the shares of Common Stock offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Agreement and any other document relating to the Equity Awards may not be publicly distributed in Mexico. These materials are addressed to Participant only because of the International Participant's existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of the Employer in Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

NETHERLANDS

Terms and Conditions

Waiver of Termination Rights. As a condition to the grant of the Equity Award, the International Participant hereby waives any and all rights to compensation or damages as a result of a termination of employment for any reason whatsoever, insofar as those rights result or may result from (i) the loss or diminution in value of such rights or entitlements under the Plan, or (ii) the International Participant ceasing to have rights under, or ceasing to be entitled to any awards under the Plan as a result of such termination.

PERU

Terms and Conditions

Nature of Grant. The following provision supplements the "Nature of Award" section of the Agreement:

By accepting the Equity Award, the International Participant acknowledges, understands and agrees that the Equity Award is being granted *ex gratia* to the International Participant with the purpose of rewarding the International Participant.

Notifications

Securities Law Notice. The Equity Award is considered a private offering in Peru; therefore, it is not subject to registration. For more information concerning the offer, please refer to the Plan, the Agreement and any other materials or documentation made available by the Company. For more information regarding the Company, please refer to the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available at www.sec.gov, as well as the Company's "Investor Relations" website at https://investors.xerox.com/investors/sec-filings.

POLAND

Notifications

Exchange Control Notice. If the International Participant holds foreign securities (including shares of Common Stock) and maintains accounts abroad, the International Participant may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash held in such foreign accounts exceeds PLN 7 million, the International Participant must file reports on the transactions and balances of the accounts on a quarterly basis. Further, any fund transfers in excess of €15,000 (or PLN 15,000 if such transfer of funds is connected with business activity of an entrepreneur) into or out of Poland must be effected through a bank in Poland. Polish residents are required to store all documents related to foreign exchange transactions for a period of five years.

PORTUGAL

Terms and Conditions

Language Consent. The International Participant hereby expressly declares that the International Participant has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Agreement.

Conhecimento da Lingua. *O Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo de Atribuição (Agreement em inglês).*

ROMANIA

Terms and Conditions

Language Consent. By accepting the grant of Equity Awards, the International Participant acknowledges that the International Participant is proficient in reading and understanding English and fully understands the terms of the documents related to the grant (the Agreement and the Plan), which were provided in the English language. The International Participant accepts the terms of those documents accordingly.

Consimtamant cu Privire la Limba*. Prin acceptarea acordarii de Premii în acțiuni, Angajatul confirma ca acesta sau aceasta are un nivel adecvat de cunoastere in ce priveste cititirea si intelegerea limbii engleze, a citit si confirma ca a inteles pe deplin termenii documentelor referitoare la acordare (Acordul si Planul), care au fost furnizate in limba engleza. Angajatul accepta termenii acestor documente in consecinta.*

Notifications

Exchange Control Notice. The International Participant generally is not required to seek authorization from the National Bank of Romania (“NBR”) to participate in the Plan or to open and operate a foreign bank account to receive any proceeds under the Plan. However, if the International Participant acquires 10% or more of the registered capital of a non-resident company, the International Participant must file a report with the NBR within 30 days from the date such ownership threshold is reached. This is a statutory requirement, but it does not trigger the payment of fees to NBR. The International Participant may be required to provide the Romanian bank to which the International Participant transfers any proceeds under the Plan with appropriate documentation regarding the source of the income. The International Participant should consult with the International Participant's personal advisor to determine whether the International Participant will be required to submit such documentation to the Romanian bank.

RUSSIA

Terms and Conditions

U.S. Transaction. Any shares of Common Stock issued upon vesting/settlement of the Equity Award shall be delivered to the International Participant through a brokerage account in the United States. The International Participant may hold the shares of Common Stock in the International Participant's brokerage account in the United States; however, in no event will the shares of Common Stock issued to the International Participant and/or share certificates or other instruments be delivered to the International Participant in Russia. The International Participant is not permitted to make any public advertising or announcements regarding the Equity Award or shares of Common Stock in Russia or promote these shares of Common Stock to other Russian legal entities or individuals, and the International Participant is not permitted to sell shares of Common Stock acquired upon vesting/settlement of the Equity Award directly to other Russian legal entities or residents. The International Participant is permitted to sell shares of Common Stock only on the NASDAQ and only through a United States broker.

Settlement of the Equity Award. Depending on the development of local regulatory requirements, the Company reserves the right to force the immediate sale of any shares of Common Stock to be issued upon vesting/settlement of the Equity Award. If applicable, the International Participant agrees that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such shares of Common Stock (on the International Participant's behalf pursuant to this authorization) and the International Participant expressly authorizes the Company's designated broker to complete the sale of such shares of Common Stock. The International Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price. Upon the sale of the shares of Common Stock, the Company agrees to pay the International Participant the cash proceeds from the sale of the shares of Common Stock, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. The cash proceeds must be remitted immediately to the International Participant's bank account in Russia when the proceeds are released to the International Participant. The International Participant may subsequently remit such proceeds to a foreign bank account. The International Participant acknowledges that the International Participant is not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this award.

Data Privacy. The following provision supplements the "Consent to the Collection, Use and Transfer of the International Participant's Personal Data" section in Section I of this Appendix:

The International Participant understands and agrees that the International Participant must complete and return a Consent to Processing of Personal Data (the "Consent") form to the Company. Further, the International Participant understands and agrees that if the International Participant does not complete and return a Consent form to the Company, the Company will not be able to grant the Equity Award to the International Participant or other awards or administer or maintain such awards. Therefore, the International Participant understands that refusing to complete a Consent form or withdrawing the International Participant's consent may affect the International Participant's ability to participate in the Plan.

Notifications

Securities Law Notice. This Agreement, the Plan and all other materials the International Participant may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. Any issuance of shares of Common Stock under the Plan has not and will not be registered in Russia and, therefore, the shares of Common Stock described in any Plan-related documents may not be offered or placed in public circulation in Russia. In no event will shares of Common Stock issued under the Plan be delivered to the International Participant in Russia. Any shares of Common Stock acquired under the Plan will be maintained on the International Participant's behalf outside of Russia. Moreover, the International Participant will not be permitted to sell or otherwise alienate any shares of Common Stock directly to other Russian legal entities or individuals.

Exchange Control Notice. The International Participant may be required to repatriate cash proceeds from the International Participant's participation in the Plan (e.g., cash dividends, sale proceeds) as soon as the International Participant intends to use those cash amounts for any purpose, including reinvestment. If the repatriation requirement applies, such funds must initially be credited to the International Participant through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to other accounts, including ones at foreign banks, in accordance with Russian exchange control laws. As of April 17, 2020, the repatriation requirement may not apply with respect to cash amounts received in an account that is considered by the Central Bank of Russia to be a foreign brokerage account opened with a financial market institution other than a bank. Statutory exceptions to the repatriation requirement also may apply. *The International Participant should consult with the International Participant's personal advisor to determine the applicability of the repatriation requirement to any cash received in connection with the International Participant's participation in the Plan and to ensure compliance with any applicable exchange control requirements*.

Foreign Asset/Account Reporting Information. As of January 1, 2020, the International Participant is required to report the opening, closing or change of details of any foreign brokerage account to the Russian tax authorities within one (1) month of opening, closing or change of details of such account. The International Participant also is required to submit an annual cash flow report for any such foreign brokerage account on or before June 1 of the following year (with the first report due by June 1, 2021 for the year 2020). *The International Participant should consult with the International Participant's personal advisor to determine the applicability of these reporting requirements to any brokerage account opened in connection with the International Participant's participation in the Plan*.
Labor Law Notice. If the International Participant continues to hold shares of Common Stock acquired at vesting/settlement of the Equity Award after an involuntary termination, the International Participant will not be eligible to receive unemployment benefits in Russia.

Anti-Corruption Notification. Anti-corruption laws prohibit certain public services, their spouses and their dependent children from owning any foreign source financial instruments (which may include the Equity Award). Accordingly, the International Participant should inform the Company if the International Participant is covered by these laws.

SINGAPORE

Notifications

Securities Law Notice. The grant of the Equity Award is being made pursuant to the "Qualifying Person" exemption" under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA") and is not made to the International Participant with a view to the shares of Common Stock being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The International Participant should note that the Equity Award is subject to section 257 of the SFA and the International Participant should not make (i) any subsequent sale of the shares of Common Stock in Singapore or (ii) any offer of such subsequent sale of the shares of Common subject to the Equity Award in Singapore, unless such sale or offer is made after six (6) months of the grant of the Equity Award or pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA.

Director Notification Information. If the International Participant is a director,[2] associate director or shadow director of a Singapore Parent, subsidiary or affiliate, the International Participant is subject to certain notification requirements under the Singapore Companies Act, regardless of whether the International Participant is a Singapore resident or employed in Singapore. Among these requirements is an obligation to notify the Singapore Parent, subsidiary or affiliate in writing of an interest (e.g., an Equity Award or shares of Common Stock) in the Company or any Parent, subsidiary or affiliate within two (2) business days of (i) acquiring or disposing of such interest, (ii) any change in a previously disclosed interest (e.g., sale of shares of Common Stock), or (iii) becoming a director, associate director or shadow director, if such interest exists at the time. If the International Participant is the chief executive officer ("CEO") of the Singaporean Parent, subsidiary or affiliate and the above notification requirements are determined to apply to the CEO of the Singaporean Parent, subsidiary or affiliate, the above notification requirements also may apply to the International Participant. *If applicable, the International Participant should consult with the International Participant's personal advisor for further details regarding these requirements.*

SLOVAK REPUBLIC

No country-specific provisions.

[2] "Director" includes any person, by whatever name described, who occupies the position of director of a Singapore corporation and includes a shadow director on whose instructions the directors of the corporation are accustomed to act.

SPAIN

Terms and Conditions

Nature of Grant. The following provision supplements the "Nature of Award" section of the Agreement:

By accepting the award, the International Participant consents to participation in the Plan and acknowledges that the International Participant has received a copy of the Plan document.

The International Participant understands that the Company has unilaterally, gratuitously and in its sole discretion decided to grant the Equity Award under the Plan to individuals who may be employees throughout the world. The decision is limited and entered into based upon the express assumption and condition that any equity award granted will not economically or otherwise bind the Company or any subsidiary or affiliate, including the Employer, on an ongoing basis, other than as expressly set forth in the Agreement. Consequently, the International Participant understands that the Equity Award is given on the assumption and condition that the Equity Award shall not become part of any employment contract (whether with the Company or any subsidiary or affiliate, including the Employer) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, the International Participant understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from the Equity Award, which is gratuitous and discretionary, since the future value of the underlying shares of Common Stock is unknown and unpredictable. The International Participant also understands that the grant of the Equity Award would not be made but for the assumptions and conditions set forth hereinabove; thus, the International Participant understands, acknowledges and freely accepts that, should any or all of the assumptions be mistaken or any of the conditions not be met for any reason, the Equity Award and any rights to the underlying shares of Common Stock shall be null and void.

Further, the International Participant understands and agrees that, unless otherwise expressly provided for by the Company or set forth in the Plan or the Agreement, any unvested Equity Award will be cancelled without entitlement to any shares of Common Stock underlying the Equity Award if the International Participant’s employment is terminated for any reason, including, but not limited to: resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (i.e., subject to a *"despido improcedente"*), material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, or under Article 10.3 of Royal Decree 1382/1985.

The International Participant also understands that the grant of the Equity Award would not be made but for the assumptions and conditions set forth herein above; thus, the International Participant understands, acknowledges and freely accepts that, should any or all of the assumptions be mistaken or any of the conditions not be met for any reason, the grant of the Equity Award shall be null and void.

Notifications

Securities Law Notice. The Equity Award and underlying shares of Common Stock described in the Agreement (including this Appendix) do not qualify under Spanish regulations as securities. No "offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including this Appendix) has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and it does not constitute a public offering prospectus.

Exchange Control Notice. The International Participant must declare the acquisition of shares of Common Stock to the Dirección General de Comercio e Inversiones (the "DGCI") of the Ministry of Industry for statistical purposes. In addition, if the International Participant wishes to import the ownership title of the shares of Common Stock (i.e., share certificates) into Spain, the International Participant must declare the importation of such securities to the DGCI. The sale of the shares of Common Stock must also be declared to the DGCI by means of a form D-6 filed in January, unless the sale proceeds exceed the applicable threshold (currently €1,502,530), in which case, the filing is due within one (1) month after the sale.

When receiving foreign currency payments in excess of €50,000 derived from the ownership of shares of Common Stock (i.e., dividends or sale proceeds), the International Participant must inform the financial institution receiving the payment of the basis upon which such payment is made. The International Participant will need to provide the institution with the following information: (i) the International Participant's name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) any further information that may be required.

In addition, the International Participant may be required to electronically declare to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including shares of Common Stock acquired under the Plan), and any transactions with non-Spanish residents (including any payments of shares of Common Stock made pursuant to the Plan), depending on the balances in such accounts together with the value of such instruments as of 31 December of the relevant year, or the volume of transactions with non-Spanish residents during the relevant year.

Foreign Asset/Account Reporting Information. To the extent the International Participant holds rights or assets (e.g., cash or shares of Common Stock held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset as of 31 December each year (or at any time during the year in which the International Participant sells or disposes of such right or asset), the International Participant is required to report information on such rights and assets on the International Participant's tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. The reporting must be completed by the following 31 March. Failure to comply with this reporting requirement may result in penalties to the Spanish residents.

SWEDEN

Terms and Conditions

Withholding Taxes. The following provisions supplement the "Taxes" section of the Agreement:

Without limiting the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in the "Taxes" section of the Agreement, by accepting the grant of the Equity Awards, the International Participant authorizes the Company and/or the Employer to withhold shares of Common Stock or to sell shares of Common Stock otherwise deliverable to the International Participant upon vesting to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items.

SWITZERLAND

Notifications

Securities Law Notice. Neither this document or any other materials relating to the Equity Award constitutes a prospectus as such term is understood according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), and neither this document nor any materials relating to the shares of Common Stock may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an International Participant. Neither this document nor any other offering or marketing material relating to the Equity Awards has been or will be filed with, approved or supervised by any Swiss reviewing body according to Article 51 of FinSA or any Swiss regulatory authority (in particular, the Swiss Financial Supervisory Authority (FINMA)).

Foreign Asset/Account Reporting Information. The International Participant is required to declare all of the International Participant's foreign bank and brokerage accounts in which the International Participant holds cash or securities, including the accounts that were opened and/or closed during the tax year, as well as any other assets, on an annual basis in the International Participant's tax return. This includes awards granted to the International Participant under the Plan which should not be subject to the net wealth tax, but must be reflected "pro memoria" in the statement on bank accounts and securities (*Wertschriftenverzeichnis*) that International Participants are required to file with the International Participant's tax return.

TURKEY

Notifications

Securities Law Notice. By accepting the Equity Awards and participating in the Plan, the International Participant acknowledges that the International Participant understands that the shares of Common Stock acquired under the Plan cannot be sold in Turkey. The shares of Common Stock are currently traded on the NASDAQ, which is located outside Turkey, under the ticker symbol "XRX" and the shares of Common Stock may be sold through this exchange.

Financial Intermediary Information. Activity related to investments in foreign securities (*e.g.*, the sale of shares of Common Stock acquired under the Plan) must be conducted through a bank or financial intermediary institution licensed by the Turkish Capital Markets Board and should be reported to the Turkish Capital Markets Board. The International Participant understands that the International Participant is solely responsible for complying with this requirement and should contact the International Participant's personal legal advisor for further information regarding the International Participant's obligations in this respect.

UNITED ARAB EMIRATES

Notifications

Securities Law Information. The Agreement, the Plan and other incidental communication materials concerning the Equity Awards are intended for distribution only to International Participants of the Company or any its subsidiaries or affiliates. The Emirates Securities and Commodities Authority and/or the Central Bank of the United Arab Emirates has no responsibility for reviewing or verifying any documents in connection with the Equity Awards. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved these communications nor taken steps to verify the information set out in them, and have no responsibility for them.

Further, the shares of Common Stock underlying the Equity Awards may be illiquid and/or subject to restrictions on their resale. The International Participant should conduct the International Participant's own due diligence on the Equity Awards offered pursuant to the Agreement. If the International Participant does not understand the contents of the Plan and/or the Agreement, the International Participant should consult an authorized financial adviser.

UNITED KINGDOM

Terms and Conditions

Withholding Taxes. The following provisions supplement the "Taxes" section of the Agreement:

Without limitation to the "Taxes" section of the Agreement, the International Participant agrees that the International Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company, the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). The International Participant also hereby agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the International Participant's behalf.

Notwithstanding the foregoing, if the International Participant is an executive officer or director of the Company (within the meaning of Section 13(k) of the Exchange Act), the International Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the International Participant, as it may be considered to be a loan. In this case, the Tax-Related Items not collected or paid may constitute a benefit to the International Participant on which additional income tax and National Insurance Contributions ("NICs") may be payable. The International Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company or the Employer for the value of any NICs due on this additional benefit, which the Company and/or the Employer may collect from the International Participant by any of the means set forth in the "Taxes" section of the Agreement.

Exclusion of Claim. The International Participant acknowledges and agrees that the International Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the International Participant's ceasing to have rights under or to be entitled to the Equity Award whether or not as a result of termination (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the Equity Award. Upon the grant of the Equity Award, the International Participant shall be deemed to have waived irrevocably any such entitlement.

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EXHIBIT A

SPECIAL NOTICE FOR INTERNATIONAL PARTICIPANTS IN DENMARK

EMPLOYER STATEMENT

Pursuant to Section 3(1) of the Act on Stock Options in employment relations, as amended effective January 1, 2019 (the "Stock Option Act"), the International Participant is entitled to receive the following information regarding Xerox Holdings Corporation (the "Company") offering of restricted stock units ("Restricted Stock Units") under the Xerox Holdings Corporation Performance Incentive Plan (the "Plan") in a written statement.

This statement generally contains information mentioned in the Stock Option Act. Additional terms and conditions of the Restricted Stock Units are described in detail in the Plan, the International Participant's applicable Restricted Stock Unit agreement and any other grant materials, which have been made available to the International Participant (the "Award Documents"). In the event of a conflict between a provision contained in this Employer Statement and provisions contained in the Award Documents, this Employer Statement shall prevail. Capitalized terms used but not defined herein, shall have the same meaning as terms defined in the Plan or the applicable Award Documents.

1. Date of Grant

The grant date of the International Participant's Restricted Stock Units is the date that the Committee approved a grant for the International Participant and determined it would be effective.

2. Terms and Conditions of Restricted Stock Units

The grant of Restricted Stock Units under the Plan is made at the sole discretion of the Committee. The Committee has very broad powers to determine who will receive Restricted Stock Units and when, and to set the terms of the Restricted Stock Units. The Company may decide, in its sole discretion, not to make any grants of Restricted Stock Units to the International Participant in the future. Under the terms of the Award Documents, the International Participant have no entitlement or claim to receive future Restricted Stock Units.

3. Vesting Date or Period

The International Participant's Restricted Stock Units shall vest over time and/or upon achievement of certain performance criteria, provided that the International Participant continue as an employee of the Company or any subsidiary or affiliate. The exact vesting conditions applicable to the International Participant's Restricted Stock Unit will be set forth in the Award Documents.

4. Purchase Price

The Restricted Stock Units are granted for no consideration, and the International Participant is not required to make any payment to receive the underlying shares of Common Stock upon vesting of the Restricted Stock Units.

5. Rights upon Termination of Employment

The terms which regulate the treatment of the International Participant's Restricted Stock Units upon termination of employment are set out in the Plan and in the Award Documents. In summary, upon the International Participant's termination of employment for any reason other than death, Disability or Retirement, any unvested Restricted Stock Units shall be forfeited and cancelled on the date of such termination of employment.

6. Financial Aspects of Restricted Stock Units

The offering of Restricted Stock Units has no immediate financial consequences for the International Participant. The value of the Restricted Stock Units that the International Participant is granted under the Plan is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of Common Stock are financial instruments and investing in stock will always have financial risk. The possibility of profit at the time the International Participant sells the shares of Common Stock acquired pursuant to the Restricted Stock Units will not only be dependent on the Company's financial development, but also on the general development of the stock market, among other things.

Xerox Holdings Corporation

SÆRLIG MEDDELELSE TIL INTERNATIONALE DELTAGERE I DANMARK

ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret mv. i ansættelsesforhold, som ændret med virkning fra 1. januar 2019 ("Aktieoptionsloven"), er den Internationale Deltager berettiget til i en skriftlig erklæring at modtage følgende oplysninger vedrørende Xerox Holdings Corporations ("Selskabets") tildeling af betingede aktier ("Betingede Aktier") i henhold til Xerox Holdings Corporation Performance Incentive Plan ("Ordningen").

Denne erklæring indeholder generelt de oplysninger, der er nævnt i Aktieoptionsloven. De øvrige kriterier og betingelser for de Betingede Aktier er nærmere beskrevet i Ordningen, i den Internationale Deltagers gældende aftale vedrørende de Betingede Aktier og i eventuelt andet tildelingsmateriale, som er blevet stillet til rådighed for den Internationale Deltager ("Tildelingsdokumenterne"). I tilfælde af uoverensstemmelse mellem en bestemmelse i denne Arbejdsgivererklæring og bestemmelserne i Tildelingsdokumenterne har denne Arbejdsgivererklæring forrang. Begreber, der står med stort begyndelsesbogstav i denne Arbejdsgivererklæring, men som ikke er defineret heri, har samme betydning som de begreber, der er defineret i Ordningen eller i de gældende Tildelingsdokumenter.

1. Tildelingstidspunkt

Tildelingstidspunktet for den Internationale Deltagers Betingede Aktier er den dag, hvor Udvalget godkendte en tildeling til den Internationale Deltager og besluttede, at den skulle træde i kraft.

2. Kriterier og betingelser for Betingede Aktier

Tildelingen af Betingede Aktier i henhold til Ordningen sker efter Udvalgets eget skøn. Udvalget har meget vide beføjelser til at bestemme, hvem der skal modtage Betingede Aktier og hvornår, samt til at fastsætte betingelserne for de Betingede Aktier. Selskabet kan frit vælge ikke fremover at tildele den Internationale Deltager nogen Betingede Aktier. I henhold til Tildelingsdokumenterne har den Internationale Deltager ikke hverken ret til eller krav på at modtage Betingede Aktier i fremtiden.

3. Modningstidspunkt eller -periode

Den Internationale Deltagers Betingede Aktier modnes over tid og/eller ved opfyldelse af visse performance-kriterier, forudsat at den Internationale Deltager stadig er ansat i enten Selskabet, en dattervirksomhed eller en tilknyttet virksomhed. De nærmere modningsbetingelser, som gælder for den Internationale Deltagers Betingede Aktier, fremgår af Tildelingsdokumenterne.

4. Købskurs

De Betingede Aktier tildeles vederlagsfrit, og den Internationale Deltager er ikke forpligtet til at foretage nogen betalinger for at modtage de underliggende Ordinære Aktier, når de Betingede Aktier modnes.

5. Retsstilling i forbindelse med fratræden

Ved den Internationale Deltagers fratræden vil dennes Betingede Aktier blive behandlet som beskrevet i Ordningen og i Tildelingsdokumenterne. Opsummerende kan det beskrives således, at eventuelle ikke-modnede Betingede Aktier vil bortfalde og blive annulleret på tidspunktet for den Internationale Deltagers fratræden, medmindre dennes fratræden skyldes dødsfald, Invaliditet eller Pensionering.

6. Økonomiske aspekter ved Betingede Aktier

Tildelingen af Betingede Aktier har ingen umiddelbare økonomiske konsekvenser for den Internationale Deltager. Værdien af de Betingede Aktier, som den Internationale Deltager tildeles i henhold til Ordningen, indgår ikke i beregningen af feriepenge, pensionsbidrag eller øvrige lovpligtige, vederlagsafhængige ydelser.

Ordinære Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Muligheden for en gevinst på det tidspunkt, hvor den Internationale Deltager sælger de Ordinære Aktier, som er erhvervet i forbindelse med de Betingede Aktier, afhænger ikke alene af Selskabets økonomiske udvikling, men også af bl.a. den generelle udvikling på aktiemarkedet.

Xerox Holdings Corporation

EXHIBIT 10(f)(21)

Management Incentive Plan for 2022 (2022 MIP)

Under the 2022 MIP, executive officers of the Company are eligible to receive performance related annual cash payments. Payments are, in general, only made if performance objectives established by the Compensation Committee of the Board of Directors (the "Committee") are met.

The Committee approved target incentive opportunities for 2022, expressed as a percentage of base salary for each participating officer. The Committee also established overall threshold, target and maximum performance metrics and payout ranges for the 2022 MIP. The performance metrics and corresponding weightings established by the Committee are: Free Cash Flow (weighted at 40%), Absolute Revenue (unadjusted for currency) (weighted at 20%), Adjusted Operating Margin (weighted at 20%), and an Environmental, Social and Governance measure (weighted at 20%). The Committee maintains the authority to increase or decrease an award based on individual performance.

Individual awards will be subject to the review and approval of the Committee following the completion of the 2022 fiscal year, with payment to be made within the first four months of 2023.

2022 Executive Long-Term Incentive Program (2022 E-LTIP)

Under the 2022 E-LTIP, executive officers of the Company are eligible to receive shares of common stock of the Company based on (i) satisfying certain performance measures established by the Compensation Committee of the Board of Directors (performance share units, “PSUs”) for 60% of the award and (ii) continued service only (restricted stock units) for 40% of the award.

The 2022 E-LTIP PSU performance measures and corresponding weightings for the three-year performance period January 1, 2022 through December 31, 2024, are as follows:

(i) Absolute Share Price (weighted 50%): Share price will be measured based on the average of the closing price on the final twenty trading days of the performance period, inclusive of dividends during the three-year performance period.

(ii) Cumulative, Adjusted Earnings per Share (EPS) (weighted 50%): Diluted Earnings per Share from Continuing Operations as reported in the Company's audited consolidated financial statements, as adjusted annually on an after-tax basis for the following discretely disclosed items (in either Management's Discussion and Analysis (MD&A) or the footnotes to the financial statements) on an individual basis, or in the aggregate, per item and subject to monetary thresholds as noted:

- Amortization of acquisition-related intangibles;
- Non-service retirement-related defined benefit pension and retiree health costs;
- Restructuring and related costs;
- Transaction and related costs;
- Non-cash write-offs or impairments, except for assets acquired or developed within the past three years of the balance sheet date (to the extent the amount is greater than $10 million pre-tax);
- Gains/(losses) resulting from acts of war, terrorism, or natural disasters (to the extent the amount is greater than $10 million pre-tax);
- Items individually identified within Other Expenses, net (except for interest, currency and asset sales) to the extent the amount is greater than $10 million pre-tax; if any such item qualifies for separate line item disclosure on the face of the consolidated statement of income in accordance with Generally Accepted Accounting Principles consistently applied, then such item will also warrant adjustment;
- Gains/(losses) from the settlement of tax audits or changes in enacted law (to the extent the amount is greater than $10 million pre-tax);
- Impacts of any individual acquisition in excess of $500 million purchase price;
- Impacts of a divestiture with revenue equal to or greater than $100 million;
- Effects of a change in accounting principle as identified within the Company's consolidated financial statements or MD&A; and
- Impact of share repurchases greater than two percent of adjusted EPS, as defined above.

Subsidiaries of Xerox Holdings Corporation

The following companies listed below under the **Xerox Holdings Corporation** name are subsidiaries of Xerox Holdings Corporation as of December 31, 2021. The companies listed below the **Xerox Corporation** name are subsidiaries of Xerox Corporation as of December 31, 2021.

Unless otherwise noted, a subsidiary is a company in which **Xerox Holdings Corporation** or a direct or indirect subsidiary of Xerox Holdings Corporation, or **Xerox Corporation** or a direct or indirect subsidiary of Xerox Corporation, as the case may be, holds 50% or more of the voting stock. The names of other subsidiaries have been omitted as they would not, if considered in the aggregate as a single subsidiary, constitute a significant subsidiary:

Xerox Holdings Corporation	**New York**
Sunshine Subsidiary Corp	Delaware
XHC Acquisition Corp.	Delaware
Xerox Ventures LLC	Delaware
Xerox Corporation	**New York**
Alloy Acquisitions Corp. LLC	Delaware
American Photocopy Equipment Company of Pittsburgh, LLC	Delaware
Xerox Business Solutions Southeast, LLC	Alabama
GDP Technologies, Inc.	Georgia
Stewart of Alabama, Inc.	Alabama
Bright Ceramic Technologies Inc.	Delaware
Capitol Office Solutions, LLC	Delaware
CareAR Holdings LLC	Delaware
CareAR, Inc.	Delaware
MagicLens Inc.	Delaware
DocuShare LLC	Delaware
XMPie Inc.	Delaware
XMPie, Ltd.	Israel
Xerox Business Solutions, LLC	Delaware
Carr Business Systems, Inc.	New York
Chicago Office Technology Group, Inc.	Illinois
ImageQuest, Inc.	Kansas
Minnesota Office Technology Group, Inc.	Minnesota
ComDoc, Inc.	Ohio
MT Business Holdings, Inc.	Ohio
MT Business Technologies, Inc.	Ohio
Connecticut Business Systems, LLC	Delaware
Competitive Computing, Inc.	Vermont
Conway Technology Group, LLC	New Hampshire
Image Technology Specialists, Inc.	Massachusetts
Eastern Managed Print Network, LLC	New York
Northeast Office Systems, LLC	Massachusetts
CTX Business Solutions, Inc.	Oregon
Dahill Office Technology Corporation	Texas
Arizona Office Technologies, Inc.	Arizona
Electronic Systems, Inc.	Virginia
Carolina Office Systems, Inc.	South Carolina
G-Five, Inc.	South Carolina
Global PR Corporation	Illinois
Integrity One Technologies, Inc.	Indiana
Lewan & Associates, Inc.	Colorado
LRI, LLC	Iowa
Merizon Group Incorporated	Wisconsin
Michigan Office Solutions, Inc.	Michigan

Mr. Copy, Inc.	California
Elan Marketing, Inc.	Nevada
Inland Business Machines, Inc.	California
MCP of California II, Inc.	California
MRC Smart Technology Solutions, Inc.	California
Rabbit Copiers, Inc.	California
Precision Copier Service, Inc.	Nevada
SoCal Office Technologies, Inc.	California
Zoom Imaging Solutions, Inc.	California
MWB Copy Products, Inc.	California
Quality Business Systems, Inc.	Washington
Boise Office Equipment, Inc.	Idaho
R. K. Dixon Company	Iowa
Saxon Business Systems, Inc.	Florida
Zeno Office Solutions, Inc.	Florida
Gyricon, LLC	Delaware
Institute for Research on Learning	Delaware
NewField Information Technology LLC	Pennsylvania
Pacific Services and Development Corporation	Delaware
Palo Alto Research Center Incorporated	Delaware
Eloque Investor LLC	Delaware
Eloque LLC	Delaware
Eloque Limited	United Kingdom
Eloque Pty Ltd.	Australia
PARC China Holdings, Inc.	Delaware
Stewart Business Systems, LLC	New Jersey
Heritage Business Systems, Inc.	New Jersey
The Xerox Foundation	Delaware
Xerox Argentina Industrial y Comercial S.A.	Argentina
Xerox Capital LLC	Turks & Caicos Islands
Xerox de Chile S.A.	Chile
Xerox DNHC LLC	Delaware
Xerox del Ecuador, S.A.	Ecuador
Xerox del Peru S.A.	Peru
Xerox Equipment Limited	Bermuda
Xerox Financial Services LLC	Delaware
Xerox Secured Borrowing 2020-1 LLC	Delaware
XFS Secured Borrowing 2020-1 LLC	Delaware
Xerox Financial Services Holdings LLC	Delaware
Xerox Financial Services International Limited	United Kingdom
Xerox Financial Services Canada Holdings Limited	United Kingdom
Xerox Foreign Sales Corporation	Barbados
Xerox Health Care LLC	Delaware
Xerox Holdings, Inc.	Delaware
Talegen Holdings, Inc.	Delaware
Xerox International Joint Marketing, Inc.	Delaware
Xerox Investments Europe B.V.	Netherlands
Xerox Equipment UK Limited	United Kingdom
Xerox Holdings (Ireland) Limited	Ireland
Xerox (Europe) Limited	Ireland
Xerox Xf Holdings (Ireland) DAC	Ireland
Xerox Israel Ltd.	Israel
Xerox Middle East Investments (Bermuda) Limited	Bermuda
Bessemer Insurance Limited	Bermuda
Reprographics Egypt Limited	Egypt

Xerox Egypt S.A.E.	Egypt
Xerox Finance Leasing S.A.E.	Egypt
Xerox Maroc S.A.	Morocco
Xerox Products Limited	Bermuda
Xerox Products UK Limited	United Kingdom
Xerox UK Holdings Limited	United Kingdom
Triton Business Finance Limited	United Kingdom
Xerox Trading Enterprises Limited	United Kingdom
Xerox Overseas Holdings Limited	United Kingdom
Xerox Business Equipment Limited	United Kingdom
Xerox Computer Services Limited	United Kingdom
Xerox Mailing Systems Limited	United Kingdom
Xerox Limited	United Kingdom
Continua Limited	United Kingdom
Continua Sanctum Limited	United Kingdom
Limited Liability Company Xerox (C.I.S.)	Russia
NewField Information Technology Limited	United Kingdom
The Xerox (UK) Trust	United Kingdom
Xerox AS	Norway
Xerox Austria GmbH	Austria
Xerox Leasing GmbH	Austria
Xerox Bulgaria EOOD	Bulgaria
Xerox Büro Araçlari Servis ve Ticaret Ltd. Sti	Turkey
Xerox Business Services Bulgaria EOOD	Bulgaria
Xerox Canada Inc.	Ontario
Xerox Canada Ltd.	Canada
Digitex Canada Inc.	Canada
Gestion Sabely Inc. (Holding company)	Canada
Groupe CT Inc.	Canada
Bryte Com Incorporated	Canada
Les Équipments de Bureau de la Montérégie	Canada
LaserNetworks Inc.	Canada
Xerox Financial Services Canada Ltd.	Canada
Xerox Capital (Europe) Limited	United Kingdom
Xerox IBS NI Limited	Northern Ireland
Xerox IBS Limited	Republic of Ireland
Xerox (Ireland) Limited	Ireland
Xerox AG	Switzerland
Xerox A/S	Denmark
Xerox Financial Services Danmark A/S	Denmark
Xerox Finance AG	Switzerland
Xerox Manufacturing (Nederland) B.V.	Netherlands
Xerox (Nederland) BV	Netherlands
Xerox Financial Services B.V.	Netherlands
Xerox Sverige AB	Sweden
Xerox (UK) Limited	United Kingdom
Altodigital Networks Limited	United Kingdom
Platinum Digital Print Solutions Limited	United Kingdom
Arena Group Holdings Limited	United Kingdom
Acorn Business Machines (Holmfirth) Limited	United Kingdom
Arena Group Limited	United Kingdom
Concept Group Limited	Scotland
Copytrend Limited	United Kingdom
Docucentric Holdings Limited	United Kingdom
Business Systems (North Wales) Limited	United Kingdom

B 2 Business Systems Limited	United Kingdom
Fovia (Innovation) Limited	United Kingdom
ITEC Connect Limited	United Kingdom
Citrus Digital Limited	United Kingdom
Copyrite Business Solutions (Holdings) Limited	United Kingdom
Criterion IT Limited	United Kingdom
Copyrite Business Solutions Limited	United Kingdom
A B S Digital Limited	United Kingdom
Osprey Business Systems Limited	United Kingdom
Quilver Business Services Limited	United Kingdom
Mail A Doc Limited	United Kingdom
Reflex Digital Solutions (UK) Limited	United Kingdom
Stem Networks Limited	United Kingdom
Back2Business Limited	United Kingdom
Time Business Systems Limited	United Kingdom
Una-Stem Limited	United Kingdom
M & S Reprographics Limited	United Kingdom
Mitral Systems Limited	United Kingdom
Bessemer Trust Limited	United Kingdom
Text Comm Limited (in receivership)	United Kingdom
Xerox Finance Limited	United Kingdom
Xerox Distributor Operations Limited	United Kingdom
XEROX CZECH REPUBLIC s r.o.	Czech Republic
Xerox Espana, S.A.U.	Spain
Xerox Renting S.A.U.	Spain
Xerox Exports Limited	United Kingdom
Xerox Financial Services Belux NV	Belgium
Xerox Financial Services Norway AS	Norway
Xerox Financial Services Sverige AB	Sweden
Xerox Hellas AEE	Greece
Xerox Holding Deutschland GmbH	Germany
Xerox GmbH	Germany
Xerox Dienstleistungsgesellschaft GmbH	Germany
Xerox Leasing Deutschland GmbH	Germany
Xerox Reprographische Services GmbH	Germany
Xerox Hungary Trading Limited	Hungary
Xerox India Limited	India
Xerox Kazakhstan Limited Liability Partnership	Kazakhstan
Xerox N.V.	Belgium
Xerox Luxembourg SA	Luxembourg
Xerox Oy	Finland
Xerox Financial Services Finland Oy	Finland
Xerox Pensions Limited	United Kingdom
Xerox Polska Sp. z o. o	Poland
Xerox Portugal Equipamentos de Escritorio, Limitada	Portugal
CREDITEX - Aluguer de Equipamentos S.A.	Portugal
Xerox Professional Services Limited	United Kingdom
Xerox (Romania) Echipmante Si Servici S.A.	Romania
Xerox S.A.S.	France
Xerox Financial Services SAS	France
Xerox Technology Services SAS	France
Xerox Serviços e Participações Ltda	Brazil
Xerox Comércio e Indústria Ltda	Brazil
Xerox Shared Services Romania SRL	Romania
Xerox S.p.A.	Italy

Xerox Italia Rental Services Srl	Italy
Xerox Telebusiness GmbH	Germany
Xerox (Ukraine) Ltd LLC	Ukraine
Xerox XHB Limited	Bermuda
Xerox XIB Limited	Bermuda
XRO Limited	United Kingdom
Nemo (AKS) Limited	United Kingdom
XRI Limited	United Kingdom
RRXH Limited	United Kingdom
RRXO Limited	United Kingdom
RRXIL Limited	United Kingdom
Veenman B.V.	Netherlands
Veenman Financial Services B.V.	Netherlands
Xerox Latinamerican Holdings, Inc.	Delaware
Xerox Mexicana, S.A. de C.V.	Mexico
Xerox Overseas, Inc.	Delaware
XC Asia LLC	Delaware
Xerox Foreign Holdings LLC	Delaware
Xerox Canada N.S. ULC	Canada
Xerox Servicios Compartidos Guatemala, y Compañí Limitada	Guatemala
XC Global Trading B.V.	Netherlands
XC Trading Singapore Pte Ltd.	Singapore
Xerox Technology Services India LLP	India
XC Trading Hong Kong Limited	Hong Kong
XC Trading Japan G.K.	Japan
XC Trading Korea YH	Korea
XC Trading Malaysia Sdn. Bhd.	Malayasia
XC Trading Shenzhen Co., Ltd.	China
Xerox Realty Corporation	Delaware
Xerox Trinidad Limited	Trinidad
XESystems Foreign Sales Corporation	Barbados

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-257512, 333-257511, 333-187663-01, 333-189290-01 and 333-167922-01) of Xerox Holdings Corporation of our report dated February 23, 2022 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Stamford, Connecticut
February 23, 2022

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-187663, 333-189290 and 333-167922) of Xerox Corporation of our report dated February 23, 2022 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Stamford, Connecticut
February 23, 2022

CEO CERTIFICATIONS

I, Giovanni Visentin, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

February 23, 2022

/S/ GIOVANNI VISENTIN

Giovanni Visentin
Principal Executive Officer

EXHIBIT 31(a)(2)

CEO CERTIFICATIONS

I, Giovanni Visentin, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

February 23, 2022

/S/ GIOVANNI VISENTIN

Giovanni Visentin
Principal Executive Officer

CFO CERTIFICATIONS

I, Xavier Heiss, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

February 23, 2022

/S/ XAVIER HEISS

Xavier Heiss
Principal Financial Officer

EXHIBIT 31(b)(2)

CFO CERTIFICATIONS

I, Xavier Heiss, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

February 23, 2022

/S/ XAVIER HEISS

Xavier Heiss
Principal Financial Officer

EXHIBIT 32(a)

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-K of Xerox Holdings Corporation, a New York corporation (the “Company”), for the year ended December 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

February 23, 2022

/S/ XAVIER HEISS

Xavier Heiss
Chief Financial Officer

February 23, 2022

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-K of Xerox Corporation, a New York corporation (the "Company"), for the year ended December 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

February 23, 2022

/S/ XAVIER HEISS

Xavier Heiss
Chief Financial Officer

February 23, 2022

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.