

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): November 15, 2019 (November 8, 2019)


**XEROX HOLDINGS CORPORATION
XEROX CORPORATION**

(Exact name of registrant as specified in its charter)

New York
New York
(State or other jurisdiction
of incorporation)

001-39013
001-04471
(Commission
File Number)

83-3933743
16-0468020
(IRS Employer
Identification No.)

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

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

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Xerox Holdings Corporation Common Stock, \$1.00 par value	XRX	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On November 8, 2019, Xerox Holdings Corporation (the “Company”) completed its previously announced series of transactions to restructure its relationship with FUJIFILM Holdings Corporation (“FH”).

On November 8, 2019, the Company completed its sale to indirect subsidiaries of FH of the Company’s indirect 25% equity interest in Fuji Xerox Co., Ltd., a Japanese company (“FX”), pursuant to the Stock Purchase Agreement, dated as of November 5, 2019 (the “Stock Purchase Agreement”), among Xerox Corporation (“XC”), Xerox Limited (“XL”), FH, FUJIFILM Asia Pacific Pte. Ltd. (“FFAP”) and FX, (the “FX Sale Transaction”), for total after-tax proceeds to the Company, including accrued but unpaid dividends through closing, of approximately \$2.3 billion. As a result of the FX Sale Transaction, FX became an indirect, wholly owned subsidiary of FH.

The foregoing description of the Stock Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the Stock Purchase Agreement, a copy of which is filed as [Exhibit 2.1](#) to the Company’s Current Report on Form 8-K filed with the Securities Exchange Commission on November 5, 2019 and incorporated by reference herein.

Item 8.01. Other Events.

Sale of 51% Partnership Interest in Xerox International Partners

On November 8, 2019, in connection with and concurrently with the completion of the FX Sale Transaction, the Company completed its previously announced sale to an indirect subsidiary of FH of the Company’s indirect 51% partnership interest in Xerox International Partners (“XIP”), pursuant to the Partnership Interest Purchase Agreement, dated as of November 5, 2019 (the “XIP Purchase Agreement”), among XC, Xerox International Joint Marketing, Inc., a subsidiary of XC that holds a 51% partnership interest in XIP (“XIJM”), FH, FX and FX Global, Inc., a subsidiary of FX that holds a 49% partnership interest in XIP (“FXGI”), for an aggregate purchase price of \$23 million (the “XIP Sale”). As a result of the XIP Sale, XIP became an indirect, wholly owned subsidiary of FX.

Other Ancillary Agreements

Each of the following previously announced ancillary agreements, entered into by and among the Company and FH and/or certain of their respective subsidiaries in connection with the FX Sale Transaction and concurrently with the execution and delivery of the Stock Purchase Agreement (collectively, the “Ancillary Agreements”), became effective concurrently with the completion of the FX Sale Transaction:

- Amendment 1 (the “TA Amendment”), to that certain Technology Agreement (the “TA”), dated as of April 1, 2006, by and between FX and XC, relating to licenses granted to FX by XC for XC’s trademarks and certain non-marking Document Processing Activities.

The TA Amendment, among other things, (i) extends to two (2) years following the expiration of the TA (the “Transition Period”) the time period by which FX is required to transition away from the use of Xerox trademarks upon expiration of the TA, (ii) grants FX limited licenses to use Xerox trademarks for the Transition Period, subject to certain quality control standards and for a royalty in the amount of \$100,000,000, payable to XC within three (3) business days from the first date of the Transition Period, and (iii) amends FX’s licenses for certain non-marking Document Processing Activities to become worldwide, royalty-free, and non-exclusive upon the expiration of the TA.

The foregoing description of the TA Amendment does not purport to be complete and is qualified in its entirety by reference to the TA Amendment, a copy of which is filed as [Exhibit 10.1](#) to the Company’s Current Report on Form 8-K filed with the Securities Exchange Commission on November 5, 2019 and incorporated by reference herein.

- Amendment 1 (the “MPA Amendment”), to that certain Master Program Agreement (the “MPA”), dated as of September 9, 2013, by and between FX and XC, relating to the supply arrangement from FX to XC for xerographic document products.

The MPA Amendment removes from the MPA termination provisions that are triggered by (i) a change in the composition of the board of directors of XC, (ii) a sale of substantially all assets of XC or (iii) any other change-in-control type scenario related to XC, and extends the effective term of certain product specific supply agreements governing existing product programs.

The foregoing description of the MPA Amendment does not purport to be complete and is qualified in its entirety by reference to the MPA Amendment, a copy of which is filed as [Exhibit 10.2](#) to the Company’s Current Report on Form 8-K filed with the Securities Exchange Commission on November 5, 2019 and incorporated by reference herein.

- Amendments to (i) that certain License Agreement for Xerox Global Services Offerings, dated as of July 1, 2011, (ii)

that certain XGS-FXGS Master Agreement for Global Services Offerings, dated as of January 1, 2008, and (iii) that certain Master Consulting Services Agreement, dated as of January 1, 2010, each by and between FX and XC for Xerox Global Services Offerings;

- A memorandum of understanding by and between FX and XC, relating to the license of certain software from XC to FX;
- An OEM license agreement (the “OEM License Agreement”), by and between FX and XC, granting FX the right to provide certain named original equipment manufacturers with OEM products outside the Territory (as defined in the OEM License Agreement) in exchange for a one-time upfront license fee of \$77,000,000, paid by FX to XC when the OEM License Agreement became effective; and
- An agreement, by and among FH, FX, FXGI, XC, XL, and XIJM, to dismiss with prejudice the litigation captioned *Fujifilm Holdings Corp. v. Xerox Corp.*, No. 1:18 cv 05458-JGK-BSM (S.D.N.Y.) and to release claims as set forth in the agreement (which dismissal and release occurred on November 12, 2019).

Press Release

On November 8, 2019, the Company issued a press release announcing that it had completed each of the FX Sale Transaction, the XIP Sale and the effectiveness of the Ancillary Agreements. A copy of the press release is attached as Exhibit 99.1 hereto and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

Set forth below is the pro forma financial information relating to the completed disposition described in Item 2.01 of this Current Report on Form 8-K that is required to be filed as part of this Current Report on Form 8-K.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed consolidated balance sheet of the Company as of September 30, 2019, and the unaudited pro forma condensed consolidated statements of income of the Company for the nine (9) months ended September 30, 2019, and each of the last three (3) fiscal years ended December 31, 2018, are filed as Exhibit 99.2 hereto.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Press release, dated November 8, 2019, of Xerox Holdings Corporation
99.2	Unaudited Pro Forma Condensed Consolidated Financial Statements of Xerox Holdings Corporation
104	The cover page from this Current Report on Form 8-K (formatted as Inline XBRL document)

SIGNATURES

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

XEROX HOLDINGS CORPORATION

Date: November 15, 2019

By: /s/ Douglas H. Marshall

Name: Douglas H. Marshall

Title: Secretary

XEROX CORPORATION

Date: November 15, 2019

By: /s/ Douglas H. Marshall

Name: Douglas H. Marshall

Title: Secretary

News from Xerox Holdings Corporation



Xerox Holdings Corporation
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Xerox Closes Transactions with FUJIFILM

Norwalk, Conn., Nov. 8, 2019 – Xerox Holdings Corporation (NYSE: XRX) announced today that it has closed its previously announced transactions with FUJIFILM Holdings Corporation, which included:

- Sale of Xerox's 25% stake in Fuji Xerox Co., Ltd. (FX) to a subsidiary of FUJIFILM;
- Modified sourcing terms for future product programs that will ensure Xerox's product supply continuity;
- Sale to an affiliate of FX of Xerox's 51% stake in Xerox International Partners (XIP), an OEM joint venture between Xerox and FX, which, together with the grant of a new IP license, will allow FX to OEM certain products (such as printer engines) to named parties that are existing customers of XIP on a worldwide basis in exchange for a fixed royalty; and
- Dismissal of the \$1 billion lawsuit FUJIFILM filed against Xerox after last year's terminated merger.

Total after-tax proceeds to Xerox from the transactions, which included accrued but unpaid dividends through closing, are approximately \$2.3 billion. Xerox expects to use the proceeds opportunistically to pursue accretive M&A in core and adjacent industries, return capital to shareholders and pay down its \$554 million December 2019 debt maturity.

Xerox expects to provide updated 2019 guidance by early December 2019 that incorporates the impact of the transactions.

King & Spalding LLP acted as legal counsel to Xerox in connection with the transactions.

About Xerox

In the era of intelligent work, we're not just thinking about the future, we're making it. [Xerox Holdings Corporation](#) is a technology leader focused on the intersection of digital and physical. We use automation and next-generation personalization to redefine productivity, drive growth and make the world more secure. Every day, our innovative technologies and intelligent work solutions—Powered by Xerox®—help people communicate and work better. Discover more at www.xerox.com and follow us on Twitter at [@Xerox](https://twitter.com/Xerox).

Forward-Looking Statements

This release, and other written or oral statements made from time to time by management contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “will”, “should”, “targeting”, “projecting”, “driving” and similar expressions, as they relate to us, our performance and/or our technology, are intended to identify forward-looking statements. These statements reflect management’s current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to the factors set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of Xerox Corporation’s 2018 Annual Report on Form 10-K, as well as in Xerox Corporation’s and Xerox Holdings Corporation’s Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. These forward-looking statements speak only as of the date of this release or as of the date to which they refer, and Xerox assumes no obligation to update any forward-looking statements as a result of new information or future events or developments, except as required by law.

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XEROX HOLDINGS CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited Pro Forma Condensed Consolidated Statements of Income of Xerox Holdings Corporation (“Xerox”) for the nine months ended September 30, 2019 and for the years ended December 31, 2018, 2017, and 2016 reflect Xerox’s results of operations as if the sales of Xerox’s indirect 25% equity interest in Fuji Xerox Co., Ltd., a Japanese company (“FX”), and of Xerox’s indirect 51% partnership interest in Xerox International Partners (“XIP”) (together, the “Sales”), had occurred on January 1, 2016. The following unaudited Pro Forma Condensed Consolidated Balance Sheet of Xerox as of September 30, 2019 assumes that the Sales occurred on September 30, 2019. Historical financial results of our equity method investment in FX and our XIP business, which was fully consolidated, for the periods prior to the Sales will be reflected in Xerox’s 2019 Annual Report on Form 10-K, as a discontinued operation.

The unaudited Pro Forma Condensed Consolidated Financial Statements are presented based on information currently available (which is subject to change), are intended for informational purposes only, and are not intended to represent what Xerox’s financial position and results of operations actually would have been had the Sales referenced above occurred on the dates indicated above. In addition, the unaudited Pro Forma Condensed Consolidated Financial Statements are not necessarily indicative of Xerox’s financial position and results of operations as of or for any future period.

The unaudited Pro Forma Condensed Consolidated Financial Statements and the accompanying notes should be read in conjunction with:

- i. the audited Consolidated Financial Statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Xerox Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and
- ii. the unaudited Condensed Consolidated Financial Statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Xerox’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.

On July 31, 2019, we completed a Reorganization in which Xerox Corporation became a direct, wholly owned subsidiary of Xerox Holdings Corporation and Xerox Holdings Corporation became the successor issuer to Xerox Corporation. The Reorganization was accounted for as a transaction among entities under common control and all “As Reported” results prior to the reorganization for Xerox Holdings Corporation reflect the “As Reported” results of Xerox Corporation.

The pro forma adjustments are based on available information and assumptions that Xerox’s management believes are reasonable, that are factually supportable, that reflect the impacts of events directly attributable to the Sales referenced above, and for purposes of the Pro Forma Condensed Consolidated Statements of Income, are expected to have a continuing impact on Xerox. The pro forma adjustments do not reflect future events that may occur after the Sales, including the impact of any potential use of the proceeds from the Sales. In addition, the pro forma adjustments do not reflect any potential charges or the expected realization of any cost savings or other restructuring actions that may result from the Sales. Refer to the Notes to Pro Forma Condensed Consolidated Financial Statements for more information.

Xerox believes that the pro forma adjustments are consistent with the guidance for discontinued operations under U.S. GAAP. Xerox’s current estimates on a discontinued operations basis are preliminary and could change as the company finalizes discontinued operations accounting to be reported in the Annual Report on Form 10-K for the year ending December 31, 2019.

Xerox Pro Forma Financial Statements

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
XEROX HOLDINGS CORPORATION
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)

(in millions, except per share data)	Nine Months Ended September 30, 2019			
	Xerox Holdings Corporation - As Reported	Pro Forma Adjustments	Notes	Pro Forma
Revenues				
Sales	\$ 2,379	\$ (72)	(A)	\$ 2,307
Services, maintenance and rentals	4,132	(1)	(A)	4,131
Financing	184	—		184
Total Revenues	6,695	(73)		6,622
Costs and Expenses				
Cost of sales	1,531	(39)	(A)	1,492
Cost of services, maintenance and rentals	2,400	(1)	(A)	2,399
Cost of financing	98	—		98
Research, development and engineering expenses	280	—		280
Selling, administrative and general expenses	1,580	(7)	(A)	1,573
Restructuring and related costs	176	—		176
Amortization of intangible assets	35	—		35
Transaction and related costs, net	8	—		8
Other expenses, net	74	1	(A)	75
Total Costs and Expenses	6,182	(46)		6,136
Income before Income Taxes and Equity Income	513	(27)		486
Income tax expense	108	(8)	(B)	100
Equity in net income of unconsolidated affiliates	137	(132)	(A)	5
Income from Continuing Operations	542	(151)		391
Less: Net income attributable to noncontrolling interests	7	(4)	(A)	3
Net Income from Continuing Operations Attributable to Xerox	\$ 535	\$ (147)		\$ 388
Earnings per Share				
Basic Earnings per Share				
Continuing operations	\$ 2.34			\$ 1.68
Diluted Earnings per Share				
Continuing operations	\$ 2.27			\$ 1.65
Pro Forma Shares Outstanding (in thousands)				
Basic	224,257			224,257
Diluted	235,465			235,465

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

XEROX HOLDINGS CORPORATION
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)

(in millions, except per share data)	Year Ended December 31, 2018			
	Xerox Holdings Corporation - As Reported	Pro Forma Adjustments	Notes	Pro Forma
Revenues				
Sales	\$ 3,972	\$ (167)	(A)	\$ 3,805
Services, maintenance and rentals	5,590	(2)	(A)	5,588
Financing	268	—		268
Total Revenues	9,830	(169)		9,661
Costs and Expenses				
Cost of sales	2,412	(107)	(A)	2,305
Cost of services, maintenance and rentals	3,359	(3)	(A)	3,356
Cost of financing	132	—		132
Research, development and engineering expenses	397	—		397
Selling, administrative and general expenses	2,390	(11)	(A)	2,379
Restructuring and related costs	158	(1)	(A)	157
Amortization of intangible assets	48	—		48
Transaction and related costs, net	68	—		68
Other expenses, net	268	2	(A)	270
Total Costs and Expenses	9,232	(120)		9,112
Income before Income Taxes and Equity Income	598	(49)		549
Income tax expense	257	(10)	(B)	247
Equity in net income of unconsolidated affiliates	33	(25)	(A)	8
Income from Continuing Operations	374	(64)		310
Less: Net income attributable to noncontrolling interests	13	(9)	(A)	4
Net Income from Continuing Operations Attributable to Xerox	\$ 361	\$ (55)		\$ 306
Earnings per Share				
Basic Earnings per Share				
Continuing operations	\$ 1.40			\$ 1.17
Diluted Earnings per Share				
Continuing operations	\$ 1.38			\$ 1.16
Pro Forma Shares Outstanding (in thousands)				
Basic	248,707			248,707
Diluted	251,660			251,660

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

XEROX HOLDINGS CORPORATION
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)

(in millions, except per share data)	Year Ended December 31, 2017			
	Xerox Holdings Corporation - As Reported	Pro Forma Adjustments	Notes	Pro Forma
Revenues				
Sales	\$ 4,073	\$ (272)	(A)	\$ 3,801
Services, maintenance and rentals	5,898	(2)	(A)	5,896
Financing	294	—		294
Total Revenues	10,265	(274)		9,991
Costs and Expenses				
Cost of sales	2,487	(214)	(A)	2,273
Cost of services, maintenance and rentals	3,518	(4)	(A)	3,514
Cost of financing	133	—		133
Research, development and engineering expenses	424	—		424
Selling, administrative and general expenses	2,526	(12)	(A)	2,514
Restructuring and related costs	216	—		216
Amortization of intangible assets	53	—		53
Transaction and related costs, net	9	—		9
Other expenses, net	329	1	(A)	330
Total Costs and Expenses	9,695	(229)		9,466
Income before Income Taxes and Equity Income	570	(45)		525
Income tax expense	481	(89)	(B)	392
Equity in net income of unconsolidated affiliates	115	(102)	(A)	13
Income from Continuing Operations	204	(58)		146
Less: Net income attributable to noncontrolling interests	12	(8)	(A)	4
Net Income from Continuing Operations Attributable to Xerox	\$ 192	\$ (50)		\$ 142
Earnings per Share				
Basic Earnings per Share				
Continuing operations	\$ 0.70			\$ 0.50
Diluted Earnings per Share				
Continuing operations	\$ 0.70			\$ 0.50
Pro Forma Shares Outstanding (in thousands)				
Basic	254,341			254,341
Diluted	256,570			256,570

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

XEROX HOLDINGS CORPORATION
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)

(in millions, except per share data)	Year Ended December 31, 2016			
	Xerox Holdings Corporation - As Reported	Pro Forma Adjustments	Notes	Pro Forma
Revenues				
Sales	\$ 4,319	\$ (329)	(A)	\$ 3,990
Services, maintenance and rentals	6,127	(2)	(A)	6,125
Financing	325	—		325
Total Revenues	10,771	(331)		10,440
Costs and Expenses				
Cost of sales	2,656	(263)	(A)	2,393
Cost of services, maintenance and rentals	3,682	(5)	(A)	3,677
Cost of financing	128	—		128
Research, development and engineering expenses	463	—		463
Selling, administrative and general expenses	2,636	(13)	(A)	2,623
Restructuring and related costs	259	(1)	(A)	258
Amortization of intangible assets	58	—		58
Other expenses, net	321	(1)	(A)	320
Total Costs and Expenses	10,203	(283)		9,920
Income before Income Taxes and Equity Income	568	(48)		520
Income tax expense	62	(33)	(B)	29
Equity in net income of unconsolidated affiliates	127	(114)	(A)	13
Income from Continuing Operations	633	(129)		504
Less: Net income attributable to noncontrolling interests	11	(8)	(A)	3
Net Income from Continuing Operations Attributable to Xerox	\$ 622	\$ (121)		\$ 501
Earnings per Share				
Basic Earnings per Share				
Continuing operations	\$ 2.36			\$ 1.88
Diluted Earnings per Share				
Continuing operations	\$ 2.33			\$ 1.86
Pro Forma Shares Outstanding (in thousands)				
Basic	253,391			253,391
Diluted	255,995			255,995

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

XEROX HOLDINGS CORPORATION
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

(in millions)	September 30, 2019			
	Xerox Holdings Corporation - As Reported	Pro Forma Adjustments	Notes	Pro Forma
Assets				
Cash and cash equivalents	\$ 922	\$ 2,230	(C)	\$ 3,152
Accounts receivable, net	1,188	(5)	(D)	1,183
Billed portion of finance receivables, net	106	—		106
Finance receivables, net	1,145	—		1,145
Inventories	758	12	(D)	770
Other current assets	221	—		221
Total current assets	4,340	2,237		6,577
Finance receivables due after one year, net	2,037	—		2,037
Equipment on operating leases, net	374	—		374
Land, buildings and equipment, net	442	(1)	(D)	441
Investments in affiliates, at equity	1,517	(1,472)	(D)	45
Intangible assets, net	203	—		203
Goodwill	3,853	(8)	(E)	3,845
Deferred tax assets	688	(108)	(G)	580
Other long-term assets	1,206	—		1,206
Total Assets	\$ 14,660	\$ 648		\$ 15,308
Liabilities and Equity				
Short-term debt and current portion of long-term debt	\$ 1,602	\$ —		\$ 1,602
Accounts payable	1,070	(8)	(D)	1,062
Accrued compensation and benefits costs	321	(1)	(D)	320
Accrued expenses and other current liabilities	930	58	(D)/(G)	988
Total current liabilities	3,923	49		3,972
Long-term debt	3,230	—		3,230
Pension and other benefit liabilities	1,599	—		1,599
Post-retirement medical benefits	335	—		335
Other long-term liabilities	473	(2)	(D)	471
Total Liabilities	9,560	47		9,607
Convertible Preferred Stock				
	214	—		214
Common Stock and Equity				
Common stock	221	—		221
Additional paid-in capital	3,000	—		3,000
Treasury stock, at cost	(68)	—		(68)
Retained earnings	5,552	432	(F)	5,984
Accumulated other comprehensive loss	(3,850)	193	(F)	(3,657)
Xerox Holdings shareholders' equity	4,855	625		5,480
Noncontrolling interests	31	(24)	(D)	7
Total Equity	4,886	601		5,487
Total Liabilities and Equity	\$ 14,660	\$ 648		\$ 15,308

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

XEROX HOLDINGS CORPORATION
NOTES TO PRO FORMA CONDENSED FINANCIAL STATEMENTS (Unaudited)

The unaudited Pro Forma Condensed Consolidated Statements of Income for the nine months ended September 30, 2019 and for the years ended December 31, 2018, 2017 and 2016 and the unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2019, include the following pro forma adjustments:

- (A) Pro forma adjustments reflect the elimination of the equity income of FX and the direct revenues and costs of XIP, including amounts related to the noncontrolling interest, for the respective periods. These adjustments do not include the elimination of any general corporate overhead costs. In addition, these adjustments also do not include any impacts from any potential use of proceeds as no specific uses have been determined at this stage.
- (B) Pro forma adjustments to income tax expense reflect the following:

	Nine Months Ended September 30, 2019	Year Ended December 30,		
		2018	2017	2016
XIP ⁽¹⁾	\$ (5)	\$ (9)	\$ (13)	\$ (15)
FX Equity Income ⁽²⁾	—	(21)	7	(18)
Tax Reform Act ⁽³⁾	(3)	20	(83)	—
Total Adjustment	\$ (8)	\$ (10)	\$ (89)	\$ (33)

- (1) Represents the estimated income tax impacts associated with the elimination of XIP's pre-tax income, net of noncontrolling interest, at the applicable statutory income tax rates in effect during the periods presented.
- (2) Represents the estimated income tax impacts associated with the elimination of dividends received from our equity method investment in FX, including the impact to related foreign tax credits.
- (3) This adjustment removes the estimated repatriation tax expense/(benefit) associated with our equity method investment in FX resulting from the enactment of the 2017 Tax Reform Act.

- (C) This adjustment reflects the following cash impacts from the Sales:

(in millions)	September 30, 2019
Sales proceeds - FX/XIP	\$ 2,223
Dividend true-ups	18
Transaction costs	(10)
XIP cash balance sold	(1)
Net Cash impact	\$ 2,230

- (D) These adjustments reflect the elimination of Xerox's investment in FX as well as the assets and liabilities attributable to XIP, including amounts related to noncontrolling interests.
- (E) This adjustment reflects the elimination of the Goodwill allocated to our XIP business. Allocated Goodwill was based on the relative fair value of our XIP business, as per the sales price, as compared to the total estimated fair value of Xerox. No Goodwill was allocated to the disposal of our investment in FX 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 it is not controlled by Xerox.

(F) These adjustments reflect the estimated net after-tax gain on sale of approximately \$432 million, as follows:

<u>(in millions)</u>	<u>September 30, 2019</u>	
Sales proceeds - FX/XIP	\$	2,223
Dividend true-ups		18
Transaction costs		(10)
Total Proceeds	\$	2,231 A
Investment in FX/XIP	\$	1,467
XIP Intercompany payable		(37)
AOCL Release ⁽¹⁾		193
Estimated Goodwill allocation ⁽²⁾		8
Net Investment	\$	1,631 B
Net Pre-tax gain	\$	600 A-B
Income tax on sale ⁽³⁾		(168)
Net after-tax gain	\$	432

(1) Represents the release of amounts included in Accumulated other comprehensive loss (AOCL) related to our 25% investment in FX. Amounts primarily related to cumulative translation adjustments and defined benefit plans net actuarial losses and prior service credits.

(2) See Note (E) above.

(3) Income tax on sale is a preliminary estimate based on provisional assessments of our tax basis in the FX and XIP investments, and other factors that will impact the tax on the sale of the investments and repatriation of the proceeds. Our provisional assessments of these factors and estimated tax on sale are subject to change.

(G) The following balance sheet accounts were adjusted for the components of the estimated income tax on sale of \$168 million per adjustment (F) above:

<u>(in millions)</u>	<u>September 30, 2019</u>		<u>Tax Expense Component</u>
	<u>Increase/(Decrease)</u>		
Deferred tax assets	\$	(108)	Deferred tax expense
Accrued expenses and other current liabilities		60	Current tax expense