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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: June 30, 2020

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

For the transition period from to

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

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Xerox Holdings Corporation Yes ☒ No ☐ **Xerox Corporation** Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Xerox Holdings Corporation Yes ☒ No ☐ **Xerox Corporation** Yes ☒ No ☐

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

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

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

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

Class	**Outstanding at June 30, 2020**
Xerox Holdings Corporation Common Stock, $1 par value	213,013,600 shares

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document, and other written or oral statements made from time to time by management contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “will”, “should”, “targeting”, “projecting”, “driving” and similar expressions, as they relate to us, our performance and/or our technology, are intended to identify forward-looking statements. These statements reflect management’s current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to: the effects of the COVID-19 pandemic on our and our customers' businesses and the duration and extent to which this will impact our future results of operations and overall financial performance; our ability to address our business challenges in order to reverse revenue declines, reduce costs and increase productivity so that we can invest in and grow our business; our ability to attract and retain key personnel; changes in economic and political conditions, trade protection measures, licensing requirements and tax laws in the United States and in the foreign countries in which we do business; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; changes in foreign currency exchange rates; our ability to successfully develop new products, technologies and service offerings and to protect our intellectual property rights; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law; the risk that partners, subcontractors and software vendors will not perform in a timely, quality manner; actions of competitors and our ability to promptly and effectively react to changing technologies and customer expectations; our ability to obtain adequate pricing for our products and services and to maintain and improve cost efficiency of operations, including savings from restructuring actions; the risk that confidential and/or individually identifiable information of ours, our customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security systems due to cyber attacks or other intentional acts; reliance on third parties, including subcontractors, for manufacturing of products and provision of services; the exit of the United Kingdom from the European Union; our ability to manage changes in the printing environment and expand equipment placements; interest rates, cost of borrowing and access to credit markets; funding requirements associated with our employee pension and retiree health benefit plans; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; any impacts resulting from the restructuring of our relationship with Fujifilm Holdings Corporation; and the shared services arrangements entered into by us as part of Project Own It. Additional risks that may affect Xerox’s operations and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of this combined Quarterly Report on Form 10-Q, Xerox Holdings Corporation’s and Xerox Corporation’s combined Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and Xerox Holdings Corporation’s and Xerox Corporation’s combined 2019 Annual Report on Form 10-K, as well as in Xerox Holdings Corporation’s and Xerox Corporation’s Current Reports on Form 8-K filed with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this document or as of the date to which they refer, and Xerox assumes no obligation to update any forward-looking statements as a result of new information or future events or developments, except as required by law.

XEROX HOLDINGS CORPORATION
XEROX CORPORATION
FORM 10-Q
June 30, 2020

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For additional information about Xerox Holdings Corporation and Xerox Corporation and access to our Annual Reports to Shareholders and SEC filings, free of charge, please visit our website at www.xerox.com/investor. The content of our website is not incorporated by reference into this Form 10-Q unless expressly noted.

PART I — FINANCIAL INFORMATION
ITEM 1 — FINANCIAL STATEMENTS

XEROX HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per-share data)	2020	2019	2020	2019
Revenues				
Sales	$ 460	$ 800	$ 1,025	$ 1,524
Services, maintenance and rentals	949	1,402	2,185	2,795
Financing	56	61	115	124
Total Revenues	1,465	2,263	3,325	4,443
Costs and Expenses				
Cost of sales	338	539	725	989
Cost of services, maintenance and rentals	533	806	1,264	1,627
Cost of financing	30	33	60	65
Research, development and engineering expenses	76	88	160	180
Selling, administrative and general expenses	426	517	967	1,063
Restructuring and related costs	3	37	44	149
Amortization of intangible assets	10	11	21	26
Transaction and related costs, net	7	4	24	4
Other expenses, net	7	38	30	77
Total Costs and Expenses	1,430	2,073	3,295	4,180
Income before Income Taxes and Equity Income	35	190	30	263
Income tax expense	8	50	7	40
Equity in net income of unconsolidated affiliates	—	2	2	4
Income from Continuing Operations	27	142	25	227
Income from discontinued operations, net of tax	—	42	—	93
Net Income	27	184	25	320
Less: Income from continuing operations attributable to noncontrolling interests	—	1	—	2
Less: Income from discontinued operations attributable to noncontrolling interests	—	2	—	4
Net Income Attributable to Xerox Holdings	$ 27	$ 181	$ 25	$ 314
Amounts Attributable to Xerox Holdings:				
Income from continuing operations	$ 27	$ 141	$ 25	$ 225
Income from discontinued operations	—	40	—	89
Net Income Attributable to Xerox Holdings	$ 27	$ 181	$ 25	$ 314
Basic Earnings per Share:				
Continuing operations	$ 0.11	$ 0.62	$ 0.08	$ 0.97
Discontinued operations	—	0.17	—	0.39
Total Basic Earnings per Share	$ 0.11	$ 0.79	$ 0.08	$ 1.36
Diluted Earnings per Share:				
Continuing operations	$ 0.11	$ 0.60	$ 0.08	$ 0.94
Discontinued operations	—	0.17	—	0.38
Total Diluted Earnings per Share	$ 0.11	$ 0.77	$ 0.08	$ 1.32

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Net Income	$ 27	$ 184	$ 25	$ 320
Less: Income from continuing operations attributable to noncontrolling interests	—	1	—	2
Less: Income from discontinued operations attributable to noncontrolling interests	—	2	—	4
Net Income Attributable to Xerox Holdings	27	181	25	314
Other Comprehensive Income (Loss), Net[1]				
Translation adjustments, net	25	(4)	(172)	33
Unrealized (losses) gains, net	(2)	—	3	2
Changes in defined benefit plans, net	80	9	134	10
Other Comprehensive Income (Loss), Net Attributable to Xerox Holdings	103	5	(35)	45
Comprehensive Income (Loss), Net	130	189	(10)	365
Less: Comprehensive income, net from continuing operations attributable to noncontrolling interests	—	1	—	2
Less: Comprehensive income, net from discontinued operations attributable to noncontrolling interests	—	2	—	4
Comprehensive Income (Loss), Net Attributable to Xerox Holdings	$ 130	$ 186	$ (10)	$ 359

(1) Refer to Note 19 - Other Comprehensive Income (Loss) for gross components of Other comprehensive income (loss), net, reclassification adjustments out of Accumulated other comprehensive loss and related tax effects.

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

XEROX HOLDINGS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)	June 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	$ 2,272	$ 2,740
Accounts receivable (net of allowances of $60 and $55, respectively)[1]	789	1,236
Billed portion of finance receivables (net of allowances of $4 and $3, respectively)[1]	116	111
Finance receivables, net	1,046	1,158
Inventories	922	694
Other current assets	246	201
Total current assets	5,391	6,140
Finance receivables due after one year (net of allowances of $139 and $86, respectively)[1]	1,908	2,082
Equipment on operating leases, net	312	364
Land, buildings and equipment, net	418	426
Intangible assets, net	250	199
Goodwill	3,939	3,900
Deferred tax assets	563	598
Other long-term assets	1,344	1,338
Total Assets	$ 14,125	$ 15,047
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 1,793	$ 1,049
Accounts payable	916	1,053
Accrued compensation and benefits costs	269	349
Accrued expenses and other current liabilities	813	984
Total current liabilities	3,791	3,435
Long-term debt	2,185	3,233
Pension and other benefit liabilities	1,595	1,707
Post-retirement medical benefits	338	352
Other long-term liabilities	521	512
Total Liabilities	8,430	9,239
Commitments and Contingencies (See Note 21)		
Convertible Preferred Stock	214	214
Common stock	213	215
Additional paid-in capital	2,722	2,782
Treasury stock, at cost	—	(76)
Retained earnings	6,223	6,312
Accumulated other comprehensive loss	(3,681)	(3,646)
Xerox Holdings shareholders' equity	5,477	5,587
Noncontrolling interests	4	7
Total Equity	5,481	5,594
Total Liabilities and Equity	$ 14,125	$ 15,047
Shares of common stock issued	213,014	214,621
Treasury stock	—	(2,031)
Shares of Common Stock Outstanding	213,014	212,590

(1) Allowances at June 30, 2020 determined in accordance with ASU 2016-13 adopted effective January 1, 2020 - refer to Notes 2, 8 and 9 for additional information.

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

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

(in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash Flows from Operating Activities				
Net income	$ 27	$ 184	$ 25	$ 320
Income from discontinued operations, net of tax	—	(42)	—	(93)
Income from continuing operations	27	142	25	227
Adjustments required to reconcile Net income to Cash flows from operating activities				
Depreciation and amortization	88	110	182	228
Provisions	21	20	101	42
Net gain on sales of businesses and assets	—	—	(1)	(1)
Stock-based compensation	13	15	24	30
Restructuring and asset impairment charges	(2)	18	27	72
Payments for restructurings	(17)	(21)	(52)	(54)
Defined benefit pension cost	13	32	37	68
Contributions to defined benefit pension plans	(31)	(36)	(64)	(70)
Decrease (increase) in accounts receivable and billed portion of finance receivables	262	(29)	428	9
(Increase) decrease in inventories	(99)	64	(225)	16
Increase in equipment on operating leases	(23)	(42)	(55)	(72)
Decrease in finance receivables	97	38	190	119
Decrease (increase) in other current and long-term assets	1	17	(15)	15
Decrease in accounts payable	(210)	(14)	(159)	(46)
Decrease in accrued compensation	(21)	(10)	(129)	(83)
Decrease in other current and long-term liabilities	(92)	(54)	(130)	(7)
Net change in income tax assets and liabilities	13	10	3	(11)
Net change in derivative assets and liabilities	(10)	2	(2)	10
Other operating, net	4	14	22	6
Net cash provided by operating activities of continuing operations	34	276	207	498
Net cash provided by operating activities of discontinued operations	—	37	—	41
Net cash provided by operating activities	34	313	207	539
Cash Flows from Investing Activities				
Cost of additions to land, buildings, equipment and software	(19)	(16)	(42)	(31)
Proceeds from sales of business and assets	—	—	2	1
Acquisitions, net of cash acquired	—	(38)	(193)	(42)
Other investing, net	1	—	1	—
Net cash used in investing activities	(18)	(54)	(232)	(72)
Cash Flows from Financing Activities				
Net payments on short-term debt	—	(2)	—	—
Proceeds from issuance of long-term debt	3	3	5	5
Payments on long-term debt	(313)	—	(313)	(406)
Dividends	(57)	(60)	(115)	(122)
Payments to acquire treasury stock, including fees	—	(197)	—	(300)
Other financing, net	(5)	(21)	(9)	(23)
Net cash used in financing activities	(372)	(277)	(432)	(846)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	5	8	(24)	7
Decrease in cash, cash equivalents and restricted cash	(351)	(10)	(481)	(372)
Cash, cash equivalents and restricted cash at beginning of period	2,665	786	2,795	1,148
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 2,314	$ 776	$ 2,314	$ 776

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

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
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Amortization of intangible assets	10	11	21	26
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Other expenses, net	7	38	30	77
Total Costs and Expenses	1,430	2,073	3,295	4,180
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Net Income Attributable to Xerox	$ 27	$ 181	$ 25	$ 314
Amounts Attributable to Xerox:				
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Comprehensive Income (Loss), Net	130	189	(10)	365
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Comprehensive Income (Loss), Net Attributable to Xerox	$ 130	$ 186	$ (10)	$ 359

(1) Refer to Note 19 - Other Comprehensive Income (Loss) for gross components of Other comprehensive income (loss), net, reclassification adjustments out of Accumulated other comprehensive loss and related tax effects.

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

XEROX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions)	June 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	$ 2,272	$ 2,740
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Billed portion of finance receivables (net of allowances of $4 and $3, respectively)[1]	116	111
Finance receivables, net	1,046	1,158
Inventories	922	694
Other current assets	249	201
Total current assets	5,394	6,140
Finance receivables due after one year (net of allowances of $139 and $86, respectively)[1]	1,908	2,082
Equipment on operating leases, net	312	364
Land, buildings and equipment, net	418	426
Intangible assets, net	250	199
Goodwill	3,939	3,900
Deferred tax assets	563	598
Other long-term assets	1,344	1,338
Total Assets	$ 14,128	$ 15,047
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 1,793	$ 1,049
Accounts payable	916	1,053
Accrued compensation and benefits costs	269	349
Accrued expenses and other current liabilities	748	918
Total current liabilities	3,726	3,369
Long-term debt	2,185	3,233
Pension and other benefit liabilities	1,595	1,707
Post-retirement medical benefits	338	352
Other long-term liabilities	521	512
Total Liabilities	8,365	9,173
Commitments and Contingencies (See Note 21)		
Additional paid-in capital	3,515	3,266
Retained earnings	5,925	6,247
Accumulated other comprehensive loss	(3,681)	(3,646)
Xerox shareholders' equity	5,759	5,867
Noncontrolling interests	4	7
Total Equity	5,763	5,874
Total Liabilities and Equity	$ 14,128	$ 15,047

(1) Allowances at June 30, 2020 determined in accordance with ASU 2016-13 adopted effective January 1, 2020 - refer to Notes 2, 8 and 9 for additional information.

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

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash Flows from Operating Activities				
Net Income	$ 27	$ 184	$ 25	$ 320
Income from discontinued operations, net of tax	—	(42)	—	(93)
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Adjustments required to reconcile Net income to Cash flows from operating activities				
Depreciation and amortization	88	110	182	228
Provisions	21	20	101	42
Net gain on sales of businesses and assets	—	—	(1)	(1)
Stock-based compensation	13	15	24	30
Restructuring and asset impairment charges	(2)	18	27	72
Payments for restructurings	(17)	(21)	(52)	(54)
Defined benefit pension cost	13	32	37	68
Contributions to defined benefit pension plans	(31)	(36)	(64)	(70)
Decrease (increase) in accounts receivable and billed portion of finance receivables	262	(29)	428	9
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Increase in equipment on operating leases	(23)	(42)	(55)	(72)
Decrease in finance receivables	97	38	190	119
Decrease (increase) in other current and long-term assets	1	17	(15)	15
Decrease in accounts payable	(210)	(14)	(159)	(46)
Decrease in accrued compensation	(21)	(10)	(129)	(83)
Decrease in other current and long-term liabilities	(92)	(54)	(130)	(7)
Net change in income tax assets and liabilities	13	10	3	(11)
Net change in derivative assets and liabilities	(10)	2	(2)	10
Other operating, net	4	14	22	6
Net cash provided by operating activities of continuing operations	34	276	207	498
Net cash provided by operating activities of discontinued operations	—	37	—	41
Net cash provided by operating activities	34	313	207	539
Cash Flows from Investing Activities				
Cost of additions to land, buildings, equipment and software	(19)	(16)	(42)	(31)
Proceeds from sales of businesses and assets	—	—	2	1
Acquisitions, net of cash acquired	—	(38)	(193)	(42)
Other investing, net	1	—	1	—
Net cash used in investing activities	(18)	(54)	(232)	(72)
Cash Flows from Financing Activities				
Net payments on short-term debt	—	(2)	—	—
Proceeds from issuance of long-term debt	3	3	5	5
Payments on long-term debt	(313)	—	(313)	(406)
Dividends	—	(60)	—	(122)
Payments to acquire treasury stock, including fees	—	(197)	—	(300)
Distributions to parent	(67)	—	(125)	—
Other financing, net	5	(21)	1	(23)
Net cash used in financing activities	(372)	(277)	(432)	(846)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	5	8	(24)	7
Decrease in cash, cash equivalents and restricted cash	(351)	(10)	(481)	(372)
Cash, cash equivalents and restricted cash at beginning of period	2,665	786	2,795	1,148
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 2,314	$ 776	$ 2,314	$ 776

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

Note 1 – Basis of Presentation

References to “Xerox Holdings” refer to Xerox Holdings Corporation and its consolidated subsidiaries while references to “Xerox” refer to Xerox Corporation and its consolidated subsidiaries. References herein to “we,” “us,” “our,” the “Company” refer collectively to both Xerox Holdings and Xerox unless the context suggests otherwise.

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

The accompanying unaudited Condensed Consolidated Financial Statements of both Xerox Holdings and Xerox have been prepared in accordance with the accounting policies described in the Combined 2019 Annual Report on Form 10-K ("2019 Annual Report"), except as noted herein, and the interim reporting requirements of Form 10-Q. Accordingly, certain information and note disclosures normally included in our annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. You should read these Condensed Consolidated Financial Statements in conjunction with the Consolidated Financial Statements included in the Combined 2019 Annual Report.

In our opinion, all adjustments, which are necessary for a fair statement of financial position, operating results and cash flows for the interim periods presented, have been made. These adjustments consist of normal recurring items. Interim results of operations are not necessarily indicative of the results of the full year.

As of June 30, 2020, the impact of the outbreak of COVID-19 continues to unfold. As a result, many of our estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates may change materially in the future.

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

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

Goodwill

Interim Impairment Evaluation

During the quarter ended June 30, 2020, we evaluated whether events or circumstances changed that would indicate it is more likely than not that our Goodwill was impaired (trigger event). Factors considered in this evaluation included, among other things, the negative financial impacts from the COVID-19 pandemic crisis on current and near-term future operations, the expected slower recovery during the latter half of 2020 as businesses return to their respective offices, as well as a sustained market capitalization below our book value. Based on this assessment, we concluded that a trigger event occurred related to Goodwill and completed an interim quantitative evaluation of Goodwill.

As a result of limited market compares due to companies not providing guidance in this current economic environment, our interim quantitative evaluation of Goodwill was based on the income approach to estimate fair value. The income approach is based on the discounted cash flow method that uses the Company's estimates for future forecasted financial performance including revenues, operating expenses, and taxes, as well as 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. Our estimates regarding future forecasted cash flows accordingly reflected consideration of the continued negative financial impacts from the COVID-19 pandemic crisis on our current and future operations as well expected recovery scenarios.

After completing our interim impairment review, we concluded that Goodwill was not impaired in the second quarter because the Company’s estimated fair value exceeded the carrying value as of June 30, 2020. If assumptions or estimates in the fair value calculations change or if future cash flows vary from what was expected, including those assumptions relating to the duration and severity of the financial impact from the COVID-19 pandemic crisis, this may impact the impairment analysis and could reduce the underlying cash flows used to estimate fair values and result in a decline in fair value that may trigger future impairment charges.

Note 2 – Recent Accounting Pronouncements

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

Accounting Standard Updates to be Adopted:

Reference Rate Reform

In March 2020, the FASB issued **ASU 2020-04**, *Reference Rate Reform (Topic 848),* 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. The amendments are effective for all entities as of March 12, 2020 through December 31, 2022. There has been no impact to date as a result of ASU 2020-04, 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.

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. This update is effective for our fiscal year beginning January 1, 2021. We are currently in the process of evaluating the effects on our Consolidated Financial Statements.

Accounting Standard Updates Adopted in 2020:

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), 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 as provided as a Lessor to our customers and as received as a Lessee.

Rent deferrals provided as a Lessor were primarily offered to customers with sales type lease receivables. We elected to account for the deferral in the timing of lease payments as if there were no changes in the lease contract. Under this approach, assuming that collectibility of future lease payments is still probable, the classification of the leases is not updated and we retain the balance of the deferral as a receivable and will settle that receivable at the revised payment date or dates. As of June 30, 2020, we approved payment deferrals of up to three months of approximately $30 or less than 1% of our total finance receivable portfolio. The outstanding principal balance of receivables for customers with an approved payment deferral was approximately $320. 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 deferral 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 no rent concessions provided to Xerox in the second quarter of 2020 were material, individually or in the aggregate.

Government Grants/Assistance

As a result of the significant increase in governmental assistance during the second quarter of 2020, we have updated our significant accounting policies as summarized in Note 1 - Basis of Presentation and Summary of Significant Accounting Policies to the Consolidated Financial Statements included on Form 10-K for the year ended December 31, 2019, as follows for the accounting associated with government assistance.

Government grants related to income are recognized as a reduction of related expenses in the Condensed Consolidated Statements of 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.

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 8 - Accounts Receivable, Net and Note 9 - Finance Receivable, 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 2018-12 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

In 2020 and 2019, the FASB also issued the following ASUs, which impact the Company but did not have or are not expected to have a material impact on our financial condition, results of operations or cash flows upon adoption. Those updates are as follows:

- ***Investments:*** **ASU 2020-01**, *Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323) and Derivatives and Hedging (Topic 815).* This update is effective for our fiscal year beginning January 1, 2021.
- ***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.
- ***Collaborative Arrangements:*** **ASU 2018-18**, *(Topic 808) Clarifying the Interaction between Topic 808 and Topic 606.* This update was effective for our fiscal year beginning January 1, 2020.
- ***Fair Value Measurement:*** **ASU 2018-13**, *(Topic 820) Disclosure Framework.* This update was effective for our fiscal year beginning January 1, 2020.

Note 3 – Revenue

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020		2019		2020		2019	
Primary geographical markets[(1)]:								
United States	$	925	$	1,344	$	2,039	$	2,612
Europe		356		584		837		1,184
Canada		76		130		184		254
Other		108		205		265		393
Total Revenues	$	1,465	$	2,263	$	3,325	$	4,443
Major product and services lines:								
Equipment	$	310	$	504	$	635	$	952
Supplies, paper and other sales		150		296		390		572
Maintenance agreements[(2)]		366		609		895		1,207
Service arrangements[(3)]		460		637		1,026		1,272
Rental and other		123		156		264		316
Financing		56		61		115		124
Total Revenues	$	1,465	$	2,263	$	3,325	$	4,443
Sales channels:								
Direct equipment lease[(4)]	$	111	$	150	$	237	$	284
Distributors & resellers[(5)]		136		333		359		648
Customer direct		213		317		429		592
Total Sales	$	460	$	800	$	1,025	$	1,524

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(1) Geographic area data is based upon the location of the subsidiary reporting the revenue.
(2) Includes revenues from maintenance agreements on sold equipment as well as revenues associated with service agreements sold through our channel partners as Xerox Partner Print Services (XPPS).
(3) Primarily includes revenues from our Managed Services offerings. Also includes revenues from embedded operating leases, which were not significant.
(4) Primarily reflects direct 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 $127 and $137 at June 30, 2020 and December 31, 2019, respectively. The balance at June 30, 2020 is expected to be amortized to revenue over approximately the next 30 months.

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

Incremental direct costs are as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020		2019		2020		2019	
Incremental direct costs of obtaining a contract	$	13	$	18	$	28	$	36
Amortization of incremental direct costs		20		20		41		43

The balance of deferred incremental direct costs net of accumulated amortization at June 30, 2020 and December 31, 2019 was $148 and $163, 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. As of June 30, 2020 and December 31, 2019 amounts deferred associated with contract fulfillment costs and inducements were $12 and $13, respectively. The related amortization was $1 and $2 for the three months ended June 30, 2020 and 2019, respectively, and $2 and $3 for the six months ended June 30, 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 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	Three Months Ended June 30,		Six Months Ended June 30,	
	Statements of Income	2020	2019	2020	2019
Revenue from sales type leases	Sales	$ 111	$ 150	$ 237	$ 284
Interest income on lease receivables	Financing	56	61	115	124
Lease income - operating leases	Services, maintenance and rentals	79	100	165	204
Variable lease income	Services, maintenance and rentals	14	28	36	55
Total Lease income		$ 260	$ 339	$ 553	$ 667

Profit at lease commencement on sales type leases was estimated to be approximately $42 and $55 for the three months ended June 30, 2020 and 2019, respectively and $86 and $120 for the six months ended June 30, 2020 and 2019, respectively.

Note 5 – Acquisitions

In 2020, Xerox continued its focus on further penetrating the small-to-medium sized business (SMB) market through acquisitions of local area resellers and partners (including multi-brand dealers). During the first quarter of 2020, business acquisitions associated with this initiative totaled $193, net of cash acquired, and included three acquisitions in the U.K. for $171 (GBP 132 million) - Arena Group, Altodigital Networks and ITEC Connect, as well an acquisition in Canada for approximately $22 (CAD 29 million). These acquisitions are expected to expand Xerox's presence in the SMB market in both Western Europe and Canada.

The operating results of these acquisitions are not material to our financial statements and are included within our results from the acquisition date. The purchase prices were all cash for 100% ownership of the acquired companies and were primarily allocated to Intangible assets, net (approximately $70) and Goodwill (approximately $100), with the remainder to tangible net assets. The allocations are based on preliminary management estimates, which continue to be reviewed, and are expected to be finalized by the fourth quarter 2020 and may include input and support from third-party valuations. Any adjustments to the preliminary allocations are not expected to be material.

Termination of Proposed Transaction with HP Inc.

In November 2019, Xerox Holdings commenced a proposed business combination transaction with HP Inc. (HP). HP rejected our initial and subsequent proposals and refused to engage in mutual due diligence or negotiations. In January 2020, Xerox Holdings nominated a slate of directors to HP's board to be voted on at HP's 2020 annual meeting of stockholders and shortly thereafter, it launched a tender offer to acquire all outstanding shares of HP, as it intended to continue to pursue the proposed business combination transaction. However, the ongoing COVID-19 pandemic crisis and resulting macroeconomic and market turmoil created an environment that the company determined to not be conducive to Xerox Holdings continuing its pursuit of an acquisition of HP. Accordingly, on March 31, 2020 Xerox Holdings withdrew its tender offer to acquire HP and terminated its proxy solicitation to nominate a slate of candidates to HP's board of directors.

In 2020, Xerox Holdings had obtained $24 billion in financing commitments from several banks to support the cash portion of the proposed business combination transaction with HP. On March 31, 2020, following the withdrawal of Xerox Holdings' tender offer to acquire HP, notice was provided to the banks of the immediate termination of the financing commitment. No termination penalties were paid as a result of termination.

Note 6 – Divestitures

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 (FX), 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 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 the periods prior to the Sales are reflected as a discontinued operation and as such, their impact is excluded from continuing operations for all periods presented.

Summarized financial information for our Discontinued operations is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue	$ —	$ 26	$ —	$ 52
Income from operations[(1)]	$ —	$ 42	$ —	$ 95
Gain on disposal	—	—	—	—
Income before income taxes	—	42	—	95
Income tax expense	—	—	—	2
Income from discontinued operations, net of tax	—	42	—	93
Income from discontinued operations attributable to noncontrolling interests, net of tax	—	2	—	4
Income from discontinued operations, attributable to Xerox Holdings, net of tax	$ —	$ 40	$ —	$ 89

(1) Includes Equity in net income for FX of $32 and $75 for the three and six months ended June 30, 2019, respectively.

Note 7 – Supplementary Financial Information

Cash, Cash Equivalents and Restricted Cash

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

	June 30, 2020	December 31, 2019
Cash and cash equivalents	$ 2,272	$ 2,740
Restricted cash		
Litigation deposits in Brazil	40	55
Other restricted cash	2	—
Total Restricted cash	42	55
Cash, cash equivalents and restricted cash	$ 2,314	$ 2,795

Restricted cash primarily relates to escrow cash deposits made in Brazil associated with ongoing litigation. 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 Condensed Consolidated Balance Sheets based on when the cash will be contractually or judicially released.

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

	June 30, 2020	December 31, 2019
Other current assets	$ 1	$ —
Other long-term assets	41	55
Total Restricted cash	$ 42	$ 55

Supplemental Cash Flow Information

Summarized cash flow information is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Provision for receivables	$ 13	$ 13	$ 87	$ 27
Provision for inventory	8	7	14	15
Provision for product warranty	1	3	3	7
Depreciation of buildings and equipment	22	26	43	53
Depreciation and obsolescence of equipment on operating leases	46	57	97	116
Amortization of internal use software	10	16	21	33
Amortization of acquired intangible assets	10	11	21	26
Amortization of customer contract costs(1)	21	22	43	46
Cost of additions to land, buildings and equipment	9	10	27	19
Cost of additions to internal use software	10	6	15	12
Common stock dividends - Xerox Holdings	54	57	108	115
Preferred stock dividends - Xerox Holdings	3	3	7	7
Repurchases related to stock-based compensation - Xerox Holdings	3	9	10	10

(1) *Amortization of customer contract costs is reported in* Decrease (increase) in other current and long-term assets *in the Condensed Consolidated Statements of Cash Flows. Refer to Note 3 - Revenue for additional information on contract costs.*

Note 8 – Accounts Receivable, Net

Accounts receivable, net were as follows:

	June 30, 2020	December 31, 2019
Invoiced	$ 660	$ 980
Accrued[1]	189	311
Allowance for doubtful accounts	(60)	(55)
Accounts receivable, net	$ 789	$ 1,236

(1) *Accrued receivables include 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	8
Charge-offs	(2)
Recoveries and other[1]	(1)
Balance at March 31, 2020	$ 60
Provision	9
Charge-offs	(8)
Recoveries and other[1]	(1)
Balance at June 30, 2020	$ 60

(1) *Includes the impacts of foreign currency translation and adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.*

We perform ongoing credit evaluations of our customers and adjust credit limits based upon customer payment history and current creditworthiness. Consistent with our adoption of ASU 2016-13 effective January 1, 2020 (refer to Note 2 - Recent Accounting Pronouncements), the allowance for uncollectible accounts receivable is determined based on an assessment of past collection experience as well as consideration of current and future economic conditions and changes in our customer collection trends. Based on that assessment, and primarily as a result of the macroeconomic and market turmoil caused by COVID-19, the allowance for doubtful accounts as a percent of gross accounts receivable increased to 7.1% at June 30, 2020 from 4.3% at December 31, 2019.

Accounts Receivable Sales Arrangements

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

Of the accounts receivable sold and derecognized from our balance sheet, $26 and $165 remained uncollected as of June 30, 2020 and December 31, 2019, respectively.

Accounts receivable sales activity was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Accounts receivable sales[1]	$ 14	$ 110	$ 67	$ 198

(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 9 - Finance Receivables, Net

Finance receivables include sales-type leases and installment loans arising from the marketing of our equipment. These receivables are typically collateralized by a security interest in the underlying assets.

Finance receivables, net were as follows:

	June 30, 2020	December 31, 2019
Gross receivables	$ 3,599	$ 3,865
Unearned income	(386)	(425)
Subtotal	3,213	3,440
Residual values	—	—
Allowance for doubtful accounts	(143)	(89)
Finance receivables, net	3,070	3,351
Less: Billed portion of finance receivables, net	116	111
Less: Current portion of finance receivables not billed, net	1,046	1,158
Finance receivables due after one year, net	$ 1,908	$ 2,082

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.

Consistent with our adoption of ASU 2016-13 effective January 1, 2020 (refer to Note 2 - Recent Accounting Pronouncements), the allowance for credit losses is determined principally based on an assessment of origination year and past collection experience as well as consideration of current and future economic conditions and changes in our customer collection trends. Based on that assessment, and primarily as a result of the macroeconomic and market turmoil caused by COVID-19, the allowance for doubtful credit losses increased to 4.5% of gross finance receivables (net of unearned income) at June 30, 2020 from 2.6% at December 31, 2019. In assessing the level of reserve required as of June 30,2020, we had to critically assess current and forecasted economic conditions in light of the COVID-19 pandemic crisis to ensure we objectively included those expected impacts in the determination of our reserve. Our assessment also included current portfolio credit metrics and the level of reserves and write-offs we recorded on our receivable's portfolio during the credit crisis in 2008/09 as additional reference points to objectively determine the adequacy of our allowance.

The allowance for doubtful accounts and provision for credit losses represents an estimate of the losses expected to be incurred from the Company's finance receivable portfolio. The level of the allowance is determined on a collective basis by applying projected loss rates to our different portfolios by country, which represent our portfolio segments. This is the level at which we develop and document our methodology to determine the allowance for credit losses. This projected loss rates are primarily based upon historical loss experience adjusted for judgments about the probable effects of relevant observable data including current and future economic conditions as well as delinquency trends, resolution rates, the aging of receivables, credit quality indicators and the financial health of specific customer classes or groups.

The allowance for doubtful finance receivables is inherently more difficult to estimate than the allowance for trade accounts receivable because the underlying lease portfolio has an average maturity, at any time, of approximately two to three years and contains past due billed amounts, as well as unbilled amounts. We consider all available information in our quarterly assessments of the adequacy of the allowance for doubtful accounts. We believe our estimates, including any qualitative adjustments, are reasonable and have considered all reasonably available information about past events, current conditions, and reasonable and supportable forecasts of future events and economic conditions. The identification of account-specific exposure is not a significant factor in establishing the allowance for doubtful finance receivables. Our policy and methodology used to establish our allowance for doubtful accounts has been consistently applied over all periods presented, with the exception of the updates required as part of our adoption of ASU 2016-13 effective January 1, 2020.

Since our allowance for doubtful finance receivables is effectively determined by geography, the risk characteristics in our finance receivable portfolio segments will generally be consistent with the risk factors associated with the economies of the countries/regions included in those geographies. Since EMEA is comprised of various countries and regional economies, the risk profile within that portfolio segment is somewhat more diversified due to the varying economic conditions among and within the countries. Charge-offs in the U.S. and EMEA remained steady between the first and second quarter and as compared to the prior year. However, in all instances the charge-offs are prior to the anticipated write-offs expected from the economic disruption related to the COVID-19 pandemic crisis, which is expected to impact write-off trends over the next year and a half.

Amounts disclosed below for the six months ended and at June 30, 2020 reflect the adoption of ASU 2016-13 in January 2020. Amounts disclosed below for comparable periods in 2019 reflect superseded guidance. The allowance for doubtful accounts as well as the related investment in finance receivables were as follows:

	United States		Canada[1]		EMEA[1][2]		Total	
Balance at December 31, 2019	$	59	$	11	$	19	$	89
Provision		35		6		25		66
Charge-offs		(3)		(1)		(4)		(8)
Recoveries and other[3]		—		(1)		—		(1)
Balance at March 31, 2020	$	91	$	15	$	40	$	146
Provision		3		1		—		4
Charge-offs		(5)		(1)		(2)		(8)
Recoveries and other[2]		—		1		—		1
Balance at June 30, 2020	$	89	$	16	$	38	$	143
Finance receivables as of June 30, 2020 collectively evaluated for impairment [4]	$	1,824	$	289	$	1,100	$	3,213
Balance at December 31, 2018	$	53	$	12	$	27	$	92
Provision		4		1		4		9
Charge-offs		(4)		(1)		(3)		(8)
Recoveries and other[3]		—		—		—		—
Balance at March 31, 2019	$	53	$	12	$	28	$	93
Provision		4		1		3		8
Charge-offs		(5)		(3)		(3)		(11)
Recoveries and other[2]		1		2		—		3
Balance at June 30, 2019	$	53	$	12	$	28	$	93
Finance receivables as of June 30, 2019 collectively evaluated for impairment[4]	$	1,885	$	336	$	1,221	$	3,442

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(1) Prior year amounts have been recasted 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 $143 and $93 at June 30, 2020 and 2019, respectively.

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

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:

	June 30, 2020							December 31, 2019
	2020	2019	2018	2017	2016	Prior	Total Finance Receivables	Total Finance Receivables
United States (Direct):								
Low Credit Risk	$ 86	$ 187	$ 179	$ 115	$ 68	$ 16	$ 651	$ 640
Average Credit Risk	25	97	50	29	14	4	219	331
High Credit Risk	34	44	28	14	8	3	131	132
Total	$ 145	$ 328	$ 257	$ 158	$ 90	$ 23	$ 1,001	$ 1,103
United States (Indirect):								
Low Credit Risk	$ 100	$ 194	$ 116	$ 55	$ 19	$ 3	$ 487	$ 258
Average Credit Risk	54	119	81	41	13	2	310	445
High Credit Risk	10	6	6	3	1	—	26	116
Total	$ 164	$ 319	$ 203	$ 99	$ 33	$ 5	$ 823	$ 819
Canada[(1)]								
Low Credit Risk	$ 16	$ 36	$ 29	$ 13	$ 11	$ 3	$ 108	$ 163
Average Credit Risk	23	42	30	23	10	2	130	97
High Credit Risk	11	11	11	14	4	—	51	66
Total	$ 50	$ 89	$ 70	$ 50	$ 25	$ 5	$ 289	$ 326
EMEA[(1)(2)]								
Low Credit Risk	$ 99	$ 196	$ 159	$ 81	$ 36	$ 8	$ 579	$ 655
Average Credit Risk	101	157	114	64	27	6	469	479
High Credit Risk	8	17	12	10	4	1	52	58
Total	$ 208	$ 370	$ 285	$ 155	$ 67	$ 15	$ 1,100	$ 1,192
Total Finance Receivables								
Low Credit Risk	$ 301	$ 613	$ 483	$ 264	$ 134	$ 30	$ 1,825	$ 1,716
Average Credit Risk	203	415	275	157	64	14	1,128	1,352
High Credit Risk	63	78	57	41	17	4	260	372
Total	$ 567	$ 1,106	$ 815	$ 462	$ 215	$ 48	$ 3,213	$ 3,440

(1) Prior year amounts have been recasted 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.

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:

	June 30, 2020						
	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Direct	$ 36	$ 9	$ 11	$ 56	$ 945	$ 1,001	$ 84
Indirect	24	6	3	33	790	823	—
Total United States	60	15	14	89	1,735	1,824	84
Canada(1)	7	3	1	11	278	289	19
EMEA(1)	14	4	3	21	1,079	1,100	34
Total	$ 81	$ 22	$ 18	$ 121	$ 3,092	$ 3,213	$ 137

	December 31, 2019						
	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Direct	$ 37	$ 11	$ 8	$ 56	$ 1,047	$ 1,103	$ 57
Indirect	25	5	3	33	786	819	—
Total United States	62	16	11	89	1,833	1,922	57
Canada(1)	8	2	1	11	315	326	17
EMEA(1)(2)	12	1	2	15	1,177	1,192	32
Total	$ 82	$ 19	$ 14	$ 115	$ 3,325	$ 3,440	$ 106

(1) Includes developing market countries.
(2) Prior year amounts have been recasted to include the Other geographic region, which was previously disclosed as a separate grouping, conforming to the current year's presentation.

Note 10 – Inventories and Equipment on Operating Leases, Net

The following is a summary of Inventories by major category:

	June 30, 2020	December 31, 2019
Finished goods	$ 782	$ 576
Work-in-process	46	47
Raw materials	94	71
Total Inventories	$ 922	$ 694

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

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

	June 30, 2020	December 31, 2019
Equipment on operating leases	$ 1,389	$ 1,443
Accumulated depreciation	(1,077)	(1,079)
Equipment on operating leases, net	$ 312	$ 364

Total contingent rentals on operating leases, consisting principally of usage charges in excess of minimum contracted amounts, were $14 and $28 for the three months ended June 30, 2020 and 2019, respectively, and $36 and $55 for the six months ended June 30, 2020 and 2019, respectively.

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 ten years and a variety of renewal and/or termination options.

The components of lease expense are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Operating lease expense	$ 28	$ 33	$ 56	$ 66
Short-term lease expense	5	5	10	10
Variable lease expense[1]	10	12	22	25
Sublease income	(1)	(1)	(1)	(1)
Total Lease expense	$ 42	$ 49	$ 87	$ 100

(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.

Operating leases right-of-use (ROU) assets, net and operating lease liabilities were reported in the Condensed Consolidated Balance Sheets as follows:

	June 30, 2020	December 31, 2019
Other long-term assets	$ 327	$ 319
Accrued expenses and other current liabilities	$ 86	$ 87
Other long-term liabilities	269	260
Total Operating lease liabilities	$ 355	$ 347

Supplemental information related to operating leases is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows	$ 29	$ 32	$ 58	$ 64
ROU assets obtained in exchange for new lease liabilities [1]	$ 29	$ 14	$ 56	$ 23
Weighted-average remaining lease term			5 years	4 years
Weighted-average discount rate			5.40 %	5.63 %

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

Finance Leases

Xerox has finance leases for equipment and related infrastructure within outsourced warehouse supply arrangements in the U.S. and Europe. The leases have varying maturities up to 6 years with a maximum expiration date through December 2026. As of June 30, 2020 the remaining lease obligation for all finance leases is $11, based on a weighted-average discount rate of 4.39%. The Right-of-use asset balance associated with these finance leases of $12 is included in Land, buildings and equipment, net in the Condensed Consolidated Balance Sheet.

Note 12 – 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 and to achieve operating efficiencies through a number of opportunities including reduction of our real estate footprint.

During the six months ended June 30, 2020, we recorded net restructuring and asset impairment charges of $27, which included $39 of severance costs related to headcount reductions of approximately 450 employees worldwide, $1 of other contractual termination costs and $2 of asset impairment charges. These costs were partially offset by $15 of net reversals, primarily resulting from changes in estimated reserves from prior period initiatives.

Information related to restructuring program activity is outlined below:

	Severance and Related Costs	Other Contractual Termination Costs[(2)]	Asset Impairments[(3)]	Total
Balance at December 31, 2019	$ 66	$ 4	$ —	$ 70
Provision	32	1	2	35
Reversals	(5)	—	(1)	(6)
Net current period charges[(1)]	27	1	1	29
Charges against reserve and currency	(36)	2	(1)	(35)
Balance at March 31, 2020	$ 57	$ 7	$ —	$ 64
Provision	7	—	—	7
Reversals	(6)	(1)	(2)	(9)
Net current period charges[(1)]	1	(1)	(2)	(2)
Charges against reserve and currency	(14)	(1)	2	(13)
Balance at June 30, 2020	$ 44	$ 5	$ —	$ 49

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(1) Represents net amount recognized within the Condensed Consolidated Statements of Income for the period shown for restructuring and asset impairment charges.
(2) Primarily includes additional costs incurred upon the exit from our facilities including decommissioning costs and associated contractual termination costs. Charges for first quarter 2020 include a reclassification of $4 related to expected recovery from sublease.
(3) Primarily related to the exit and abandonment of leased and owned facilities. The charge includes the accelerated write-off of $1 for leased right-of-use assets and $1 for owned assets upon exit from the facilities, net of any potential sublease income and other recoveries.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Charges against reserve and currency	$ (13)	$ (29)	$ (48)	$ (98)
Effects of foreign currency and other non-cash items	(4)	8	(4)	44
Restructuring cash payments	$ (17)	$ (21)	$ (52)	$ (54)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Retention related severance/bonuses[(1)]	$ 4	$ 11	$ 11	$ 20
Contractual severance costs[(2)]	—	—	4	38
Consulting and other costs[(3)]	1	8	2	19
Total	$ 5	$ 19	$ 17	$ 77

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(1) Includes retention related severance and bonuses for employees expected to continue working beyond their minimum notification period before termination.
(2) Amounts reflect estimated severance and other related costs we were contractually required to pay in connection with employees transferred as part of the shared service arrangement entered into with HCL Technologies in the first quarter 2019.
(3) Represents professional support services associated with our business transformation initiatives.

The restructuring related costs reserve as of June 30, 2020 was $46, which is expected to be paid over the next twelve months, as compared to $37 at December 31, 2019.

Note 13 – Debt

Interest Expense and Income

Interest expense and income were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Interest expense[(1)]	$ 48	$ 59	$ 99	$ 119
Interest income[(2)]	59	64	126	131

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(1) Includes Cost of financing as well as non-financing interest expense that is included in Other expenses, net in the Condensed Consolidated Statements of Income.
(2) Includes Financing revenue as well as other interest income that is included in Other expenses, net in the Condensed Consolidated Statements of Income.

Note 14 – Financial Instruments

Interest Rate Risk Management

We use interest rate swap 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.

Fair Value Hedges

During the first quarter 2020, we terminated our remaining pay variable/receive fixed interest rate swaps with notional amounts of $200 and net asset fair value of $4 prior to termination. 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. No ineffective portion was recorded to earnings for the six months ended June 30, 2020 prior to termination. The corresponding net fair value adjustment to the hedged debt of $(4) will be amortized to interest expense over the remaining term of the related notes.

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:

- Forecasted purchases and sales in foreign currency
- Foreign currency-denominated assets and liabilities

At June 30, 2020 and December 31, 2019, we had outstanding forward exchange and purchased option contracts with gross notional values of $885 and $1,091 respectively, with terms of less than 12 months. Approximately 87% of the contracts at June 30, 2020 mature within three months, 9% mature in three to six months and 4% in six to twelve months. The associated currency exposures being hedged at June 30, 2020 were lower by 20% as compared to our year-end currency exposures. There has not been any material change in our hedging strategy.

Foreign Currency Cash Flow Hedges

We designate a portion of our foreign currency derivative contracts as cash flow hedges of our foreign currency-denominated inventory purchases, sales and expenses. The net asset (liability) fair value of these contracts were $0 and $(4) as of June 30, 2020 and December 31, 2019, respectively.

Summary of Derivative Instruments Fair Value

The following table provides a summary of the fair value amounts of our derivative instruments:

Designation of Derivatives	Balance Sheet Location	June 30, 2020	December 31, 2019
Derivatives Designated as Hedging Instruments			
Foreign exchange contracts - forwards	Other current assets	$ 1	$ 1
	Accrued expenses and other current liabilities	(1)	(5)
Interest rate swaps	Other long-term assets	—	1
	Net designated derivative asset (liability)	$ —	$ (3)
Derivatives NOT Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	$ 5	$ 1
	Accrued expenses and other current liabilities	(1)	(3)
	Net undesignated derivative asset (liability)	$ 4	$ (2)
Summary of Derivatives	Total Derivative assets	$ 6	$ 3
	Total Derivative liabilities	(2)	(8)
	Net Derivative asset (liability)	$ 4	$ (5)

Summary of Derivative Instruments Gains (Losses)

Derivative gains and (losses) affect the income statement based on whether such derivatives are designated as hedges of underlying exposures. The following is a summary of derivative gains (losses).

Designated Derivative Instruments Gains (Losses)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
Gain (Loss) on Derivative Instruments	2020	2019	2020	2019
Fair Value Hedges - Interest Rate Contracts				
Derivative gain (loss) recognized in interest expense	$ —	$ 2	$ (1)	$ 4
Hedged item (loss) gain recognized in interest expense	—	(2)	1	(4)
Cash Flow Hedges - Foreign Exchange Forward Contracts and Options				
Derivative (loss) gain recognized in OCI (effective portion)	$ (3)	$ 3	$ 4	$ 6
Derivative gain reclassified from AOCL to income - Cost of sales (effective portion)	2	2	1	3

During the three and six months ended June 30, 2020 and 2019, no amount of ineffectiveness was recorded in the Condensed Consolidated Statements of 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. In addition, no amount was recorded for an underlying exposure that did not occur or was not expected to occur.

As of June 30, 2020, a net after-tax gain of $1 was recorded in Accumulated other comprehensive loss associated with our cash flow hedging activity. The entire balance is expected to be reclassified into net income within the next 12 months, providing an offsetting economic impact against the underlying anticipated transactions.

Non-Designated Derivative Instruments Gains (Losses)

Non-designated derivative instruments are primarily instruments used to hedge foreign currency-denominated assets and liabilities. They are not designated as hedges since there is a natural offset for the remeasurement of the underlying foreign currency-denominated asset or liability.

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

		Three Months Ended June 30,		Six Months Ended June 30,	
Derivatives NOT Designated as Hedging Instruments	Location of Derivative Gain	2020	2019	2020	2019
Foreign exchange contracts – forwards	Other expense – Currency gain, net	$ 2	$ 6	$ 17	$ 1

For the three and six months ended June 30, 2020 currency losses, net were $2 and $4, respectively, and for the three and six months ended June 30, 2019 were $0 and $2, respectively. Net currency gains and losses include the mark-to-market adjustments of the derivatives not designated as hedging instruments and the related cost of those derivatives as well as the remeasurement of foreign currency-denominated assets and liabilities and are included in Other expenses, net.

Note 15 – Fair Value of Financial Assets and Liabilities

The following table represents assets and liabilities measured at fair value on a recurring basis. The basis for the measurement at fair value in all cases is Level 2 – Significant Other Observable Inputs.

	June 30, 2020	December 31, 2019
Assets		
Foreign exchange contracts - forwards	$ 6	$ 2
Interest rate swaps	—	1
Deferred compensation investments in mutual funds	18	19
Total	$ 24	$ 22
Liabilities		
Foreign exchange contracts - forwards	$ 2	$ 8
Deferred compensation plan liabilities	17	18
Total	$ 19	$ 26

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:

	June 30, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 2,272	$ 2,272	$ 2,740	$ 2,740
Accounts receivable, net	789	789	1,236	1,236
Short-term debt and current portion of long-term debt	1,793	1,814	1,049	1,054
Long-term debt	2,185	2,193	3,233	3,331

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 16 – Employee Benefit Plans

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

	Three Months Ended June 30,					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Retiree Health	
Components of Net Periodic Benefit Costs:	2020	2019	2020	2019	2020	2019
Service cost	$ —	$ 1	$ 5	$ 5	$ —	$ 1
Interest cost	21	28	26	38	4	4
Expected return on plan assets	(26)	(25)	(46)	(58)	—	—
Recognized net actuarial loss (gain)	7	6	14	12	(1)	(1)
Amortization of prior service credit	(1)	(1)	—	(1)	(19)	(19)
Recognized settlement loss	13	27	—	—	—	—
Defined benefit plans	14	36	(1)	(4)	(16)	(15)
Defined contribution plans	6	5	5	6	n/a	n/a
Net Periodic Benefit Cost (Credit)	20	41	4	2	(16)	(15)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss):						
Net actuarial (gain) loss[1]	(92)	21	—	—	(6)	—
Amortization of net actuarial (loss) gain	(20)	(33)	(14)	(12)	1	1
Amortization of net prior service credit	1	1	—	1	19	19
Total Recognized in Other Comprehensive Income (Loss)[2]	(111)	(11)	(14)	(11)	14	20
Total Recognized in Net Periodic Benefit (Credit) Cost and Other Comprehensive Income (Loss)	$ (91)	$ 30	$ (10)	$ (9)	$ (2)	$ 5

	Six Months Ended June 30,					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Retiree Health	
Components of Net Periodic Benefit Costs:	2020	2019	2020	2019	2020	2019
Service cost	$ 1	$ 1	$ 10	$ 12	$ 1	$ 1
Interest cost	44	58	55	77	6	8
Expected return on plan assets	(52)	(51)	(93)	(118)	—	—
Recognized net actuarial loss (gain)	14	11	28	22	(1)	(2)
Amortization of prior service credit	(1)	(1)	—	(1)	(38)	(38)
Recognized settlement loss	32	58	—	—	—	—
Recognized curtailment gain	—	—	(1)	—	—	—
Defined benefit plans	38	76	(1)	(8)	(32)	(31)
Defined contribution plans[1]	11	13	10	12	n/a	n/a
Net Periodic Benefit Cost (Credit)	49	89	9	4	(32)	(31)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss):						
Net actuarial (gain) loss[1]	(80)	36	—	—	(6)	—
Amortization of net actuarial (loss) gain	(46)	(69)	(28)	(22)	1	2
Amortization of prior service credit	1	1	—	1	38	38
Total Recognized in Other Comprehensive Income (Loss)[2]	(125)	(32)	(28)	(21)	33	40
Total Recognized in Net Periodic Benefit (Credit) Cost and Other Comprehensive Income (Loss)	$ (76)	$ 57	$ (19)	$ (17)	$ 1	$ 9

(1) The net actuarial (gain) loss for U.S. Plans primarily reflects (i) the remeasurement of our primary U.S. pension plans as a result of the payment of periodic settlements and (ii) adjustments for the actuarial valuation results based on January 1st plan census data.

(2) Amounts represent the pre-tax effect included within Other Comprehensive Income (Loss). Refer to Note 19 - Other Comprehensive Income (Loss) for related tax effects and the after-tax amounts.

Contributions

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

	Six Months Ended June 30,		Year Ended December 31,	
	2020	2019	Estimated 2020	2019
U.S. plans	$ 12	$ 13	$ 25	$ 26
Non-U.S. plans	52	57	110	115
Total Pension	$ 64	$ 70	$ 135	$ 141
Retiree Health	$ 9	$ 16	$ 35	$ 30

There are no mandatory contributions required in 2020 for our U.S. tax-qualified defined benefit plans to meet the minimum funding requirements.

Note 17 – Shareholders’ Equity of Xerox Holdings

(shares in thousands)

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

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[1]	Xerox Holdings Shareholders’ Equity	Non-controlling Interests	Total Equity
Balance at March 31, 2020	$ 213	$ 2,712	$ —	$ 6,252	$ (3,784)	$ 5,393	$ 7	$ 5,400
Comprehensive income, net	—	—	—	27	103	130	—	130
Cash dividends declared - common[2]	—	—	—	(53)	—	(53)	—	(53)
Cash dividends declared - preferred[3]	—	—	—	(3)	—	(3)	—	(3)
Stock option and incentive plans, net	—	10	—	—	—	10	—	10
Distributions to noncontrolling interests	—	—	—	—	—	—	(3)	(3)
Balance at June 30, 2020	$ 213	$ 2,722	$ —	$ 6,223	$ (3,681)	$ 5,477	$ 4	$ 5,481

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[1]	Xerox Holdings Shareholders’ Equity	Non-controlling Interests	Total Equity
Balance at March 31, 2019	$ 230	$ 3,282	$ (103)	$ 5,270	$ (3,652)	$ 5,027	$ 36	$ 5,063
Comprehensive income, net	—	—	—	181	5	186	3	189
Cash dividends declared - common[2]	—	—	—	(57)	—	(57)	—	(57)
Cash dividends declared - preferred[3]	—	—	—	(3)	—	(3)	—	(3)
Stock option and incentive plans, net	—	6	—	—	—	6	—	6
Payments to acquire treasury stock, including fees	—	—	(197)	—	—	(197)	—	(197)
Cancellation of treasury stock	(5)	(164)	169	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(9)	(9)
Balance at June 30, 2019	$ 225	$ 3,124	$ (131)	$ 5,391	$ (3,647)	$ 4,962	$ 30	$ 4,992

	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, 2019	$	215	$	2,782	$	(76)	$	6,312	$	(3,646)	$	5,587	$	7	$	5,594
Comprehensive income (loss), net		—		—		—		25		(35)		(10)		—		(10)
Cash dividends declared - common[(2)]		—		—		—		(107)		—		(107)		—		(107)
Cash dividends declared - preferred[(3)]		—		—		—		(7)		—		(7)		—		(7)
Stock option and incentive plans, net		—		14		—		—		—		14		—		14
Cancellation of treasury stock		(2)		(74)		76		—		—		—		—		—
Distributions to noncontrolling interests		—		—		—		—		—		—		(3)		(3)
Balance at June 30, 2020	$	213	$	2,722	$	—	$	6,223	$	(3,681)	$	5,477	$	4	$	5,481

	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		—		—		—		314		45		359		6		365
Cash dividends declared - common[(2)]		—		—		—		(115)		—		(115)		—		(115)
Cash dividends declared - preferred[(3)]		—		—		—		(7)		—		(7)		—		(7)
Stock option and incentive plans, net		—		20		—		—		—		20		—		20
Payments to acquire treasury stock, including fees		—		—		(300)		—		—		(300)		—		(300)
Cancellation of treasury stock		(7)		(217)		224		—		—		—		—		—
Distributions to noncontrolling interests		—		—		—		—		—		—		(10)		(10)
Balance at June 30, 2019	$	225	$	3,124	$	(131)	$	5,391	$	(3,647)	$	4,962	$	30	$	4,992

(1) Refer to Note 19 - Other Comprehensive Income (Loss) for the components of AOCL.
(2) Cash dividends declared on common stock for the three and six months ended June 30, 2020 and 2019 were $0.25 per share and $0.50 per share, respectively.
(3) Cash dividends declared on preferred stock for the three and six months ended June 30, 2020 and 2019 were $20.00 per share and $40.00 per share, respectively.

Treasury Stock

The following is a summary of the purchases of common stock during 2020:

	Shares		Amount
Balance at December 31, 2019	2,031	$	76
Purchases[(1)]	—		—
Cancellations	(2,031)		(76)
Balance at June 30, 2020	—	$	—

(1) Includes associated fees.

Note 18 – Shareholders' Equity of Xerox

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

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[1]	Xerox Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at March 31, 2020	$ —	$ 3,504	$ —	$ 5,955	$ (3,784)	$ 5,675	$ 7	$ 5,682
Comprehensive income, net	—	—	—	27	103	130	—	130
Dividends declared to parent	—	—	—	(57)	—	(57)	—	(57)
Transfers from parent	—	11	—	—	—	11	—	11
Distributions to noncontrolling interests	—	—	—	—	—	—	(3)	(3)
Balance at June 30, 2020	$ —	$ 3,515	$ —	$ 5,925	$ (3,681)	$ 5,759	$ 4	$ 5,763

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[1]	Xerox Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at March 31, 2019	$ 230	$ 3,282	$ (103)	$ 5,270	$ (3,652)	$ 5,027	$ 36	$ 5,063
Comprehensive income, net	—	—	—	181	5	186	3	189
Cash dividends declared - common	—	—	—	(57)	—	(57)	—	(57)
Cash dividends declared - preferred	—	—	—	(3)	—	(3)	—	(3)
Stock option and incentive plans, net	—	6	—	—	—	6	—	6
Payments to acquire treasury stock, including fees	—	—	(197)	—	—	(197)	—	(197)
Cancellation of treasury stock	(5)	(164)	169	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(9)	(9)
Balance at June 30, 2019	$ 225	$ 3,124	$ (131)	$ 5,391	$ (3,647)	$ 4,962	$ 30	$ 4,992

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[1]	Xerox Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2019	$ —	$ 3,266	$ —	$ 6,247	$ (3,646)	$ 5,867	$ 7	$ 5,874
Comprehensive income (loss), net	—	—	—	25	(35)	(10)	—	(10)
Dividends declared to parent	—	—	—	(347)	—	(347)	—	(347)
Transfers from parent	—	249	—	—	—	249	—	249
Distributions to noncontrolling interests	—	—	—	—	—	—	(3)	(3)
Balance at June 30, 2020	$ —	$ 3,515	$ —	$ 5,925	$ (3,681)	$ 5,759	$ 4	$ 5,763

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[1]	Xerox 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	—	—	—	314	45	359	6	365
Cash dividends declared - common	—	—	—	(115)	—	(115)	—	(115)
Cash dividends declared - preferred	—	—	—	(7)	—	(7)	—	(7)
Stock option and incentive plans, net	—	20	—	—	—	20	—	20
Payments to acquire treasury stock, including fees	—	—	(300)	—	—	(300)	—	(300)
Cancellation of treasury stock	(7)	(217)	224	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(10)	(10)
Balance at June 30, 2019	$ 225	$ 3,124	$ (131)	$ 5,391	$ (3,647)	$ 4,962	$ 30	$ 4,992

(1) Refer to Note 19 - Other Comprehensive Income (Loss) for the components of AOCL.

Note 19 - Other Comprehensive Income (Loss)

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020		2019		2020		2019	
	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Translation adjustments gains (losses)	$ 26	$ 25	$ (5)	$ (4)	$ (178)	$ (172)	$ 32	$ 33
Unrealized (losses) gains								
Changes in fair value of cash flow hedges (losses) gains	(3)	(1)	3	1	4	3	6	4
Changes in cash flow hedges reclassed to earnings[1]	(2)	(1)	(2)	(1)	(1)	—	(3)	(2)
Net Unrealized (losses) gains	(5)	(2)	1	—	3	3	3	2
Defined benefit plans gains (losses)								
Net actuarial/prior service gains (losses)	98	73	(21)	(15)	86	64	(36)	(27)
Prior service amortization[2]	(20)	(15)	(21)	(16)	(39)	(29)	(40)	(30)
Actuarial loss amortization/settlement[2]	33	26	44	33	73	56	89	67
Fuji Xerox changes in defined benefit plans, net[3]	—	—	(7)	(7)	—	—	2	2
Other (losses) gains[4]	(4)	(4)	14	14	43	43	(2)	(2)
Changes in defined benefit plans gains	107	80	9	9	163	134	13	10
Other Comprehensive Income (Loss) Attributable to Xerox Holdings/Xerox	$ 128	$ 103	$ 5	$ 5	$ (12)	$ (35)	$ 48	$ 45

(1) Reclassified to Cost of sales - refer to Note 14 - Financial Instruments for additional information regarding our cash flow hedges.
(2) Reclassified to Total Net Periodic Benefit Cost - refer to Note 16 - 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:

	June 30, 2020	December 31, 2019
Cumulative translation adjustments	$ (2,133)	$ (1,961)
Other unrealized gains (losses), net	1	(2)
Benefit plans net actuarial losses and prior service credits	(1,549)	(1,683)
Total Accumulated other comprehensive loss attributable to Xerox Holdings/Xerox	$ (3,681)	$ (3,646)

Note 20 – Earnings per Share

(shares in thousands)

The following table sets forth the computation of basic and diluted earnings per share of common stock of Xerox Holdings:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Basic Earnings per Share				
Net Income from Continuing Operations Attributable to Xerox Holdings	$ 27	$ 141	$ 25	$ 225
Accrued dividends on preferred stock	(3)	(3)	(7)	(7)
Adjusted Net income from continuing operations available to common shareholders	24	138	18	218
Income from discontinued operations attributable to Xerox Holdings, net of tax	—	40	—	89
Adjusted Net income available to common shareholders	$ 24	$ 178	$ 18	$ 307
Weighted average common shares outstanding	212,949	223,606	212,852	226,040
Basic Earnings per Share:				
Continuing operations	$ 0.11	$ 0.62	$ 0.08	$ 0.97
Discontinued operations	—	0.17	—	0.39
Basic Earnings per Share	$ 0.11	$ 0.79	$ 0.08	$ 1.36
Diluted Earnings per Share				
Net Income from Continuing Operations Attributable to Xerox Holdings	$ 27	$ 141	$ 25	$ 225
Accrued dividends on preferred stock	(3)	—	(7)	(7)
Adjusted Net income from continuing operations available to common shareholders	24	141	18	218
Income from discontinued operations attributable to Xerox Holdings, net of tax	—	40	—	89
Adjusted Net income available to common shareholders	$ 24	$ 181	$ 18	$ 307
Weighted average common shares outstanding	212,949	223,606	212,852	226,040
Common shares issuable with respect to:				
Stock options	—	65	30	34
Restricted stock and performance shares	2,618	4,866	3,132	4,636
Convertible preferred stock	—	6,742	—	—
Adjusted Weighted average common shares outstanding	215,567	235,279	216,014	230,710
Diluted Earnings per Share:				
Continuing operations	$ 0.11	$ 0.60	$ 0.08	$ 0.94
Discontinued operations	—	0.17	—	0.38
Diluted Earnings per Share	$ 0.11	$ 0.77	$ 0.08	$ 1.32
The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive:				
Stock options	845	848	816	879
Restricted stock and performance shares	3,648	2,357	3,134	2,587
Convertible preferred stock	6,742	—	6,742	6,742
Total Anti-Dilutive Securities	11,235	3,205	10,692	10,208
Dividends per Common Share	$ 0.25	$ 0.25	$ 0.50	$ 0.50

Note 21 – Contingencies and Litigation

Legal Matters

We are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting; servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. We assess our potential liability by analyzing our litigation and regulatory matters using available information. We develop our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Brazil Contingencies

Our Brazilian operations have received or been the subject of numerous governmental assessments related to indirect and other taxes. The tax matters principally relate to claims for taxes on the internal transfer of inventory, municipal service taxes on rentals and gross revenue taxes. We are disputing these tax matters and intend to vigorously defend our positions. Based on the opinion of legal counsel and current reserves for those matters deemed probable of loss, we do not believe that the ultimate resolution of these matters will materially impact our results of operations, financial position or cash flows. Below is a summary of our Brazilian tax contingencies:

	June 30, 2020	December 31, 2019
Tax contingency - unreserved	$ 336	$ 442
Escrow cash deposits	38	51
Surety bonds	102	135
Letters of credit	71	91
Liens on Brazilian assets	—	—

The decrease in the unreserved portion of the tax contingency, inclusive of any related interest, was primarily related to currency. 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 June 30, 2020 and December 31, 2019. We routinely assess all these matters as to the probability of ultimately incurring a liability against our Brazilian operations and record our best estimate of the ultimate loss in situations where we assess the likelihood of an ultimate loss as probable.

Litigation Against the Company

Pending Litigation Relating to the Fuji Transaction:

1. ***Ribbe v. Jacobson, et al.:***

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

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

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

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

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

Xerox will vigorously defend against this matter. At this time, it is premature to make any conclusion regarding the probability of incurring material losses in this litigation. Should developments cause a change in our determination as to an unfavorable outcome, or result in a final adverse judgment or settlement, there could be a material adverse effect on our results of operations, cash flows and financial position in the period in which such change in determination, judgment, or settlement occurs.

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

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

Xerox Holdings will vigorously defend against this matter. At this time, it is premature to make any conclusion regarding the probability of incurring material losses in this litigation. Should developments cause a change in our determination as to an unfavorable outcome, or result in a final adverse judgment or settlement, there could be a material adverse effect on our results of operations, cash flows and financial position in the period in which such change in determination, judgment, or settlement occurs.

Guarantees

We have issued or provided approximately $290 of guarantees as of June 30, 2020 in the form of letters of credit or surety bonds issued to i) support certain insurance programs; ii) support our obligations related to the Brazil contingencies; and iii) support certain contracts, primarily with public sector customers, which require us to provide a surety bond as a guarantee of our performance of contractual obligations.

In general, we would only be liable for the amount of these guarantees in the event we defaulted in performing our obligations under each contract; the probability of which we believe is remote. We believe that our capacity in the surety markets as well as under various credit arrangements (including our Credit Facility) is sufficient to allow us to respond to future requests for proposals that require such credit support.

Note 22 – Subsequent Event

Secured Borrowings and Collateral

In July 2020, we entered into a secured loan agreement with a financial institution where we sold $355 of U.S. based finance receivables and the rights to payments under operating leases with an equipment net book value of $10 to a special purpose entity (SPE). The purchase by the SPE was funded through an amortizing secured loan to the SPE from the financial institution of $340. The sale of the receivables to the SPE was structured as a "true sale at law," and we have received an opinion to that effect from outside legal counsel. However, the transaction was accounted for as a secured borrowing as we consolidate the SPE since we have both the power to direct the activities that most significantly impact the SPE's economic performance through our role as servicer of all the receivables held by the SPE, and the obligation through variable interests in the SPE to absorb losses or receive benefits that could potentially be significant to the SPE. As a result, the assets of the SPE are not available to satisfy any of our other obligations. Conversely, the credit holder of this SPE does not have legal recourse to the Company's general credit.

The debt has a variable interest rate based on LIBOR (initial rate of 1.76%) and an expected life of less than three years with half projected to be repaid within the first year based on collections of the underlying portfolio of receivables. We also entered into an interest rate hedge agreement to cap LIBOR over the life of the loan.

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

Throughout the Management's Discussion and Analysis (MD&A), references to "Xerox Holdings" refer to Xerox Holdings Corporation and its consolidated subsidiaries while references to "Xerox" refer to Xerox Corporation and its consolidated subsidiaries. References herein to "we," "us," "our," the "Company" refer collectively to both Xerox Holdings and Xerox unless the context suggests otherwise.

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

Currency Impact

To understand the trends in our business, we believe that it is helpful to analyze the impact of changes in the translation of foreign currencies into U.S. Dollars on revenue and expenses. We refer to this analysis as "constant currency", "currency impact" or "the impact from currency." This impact is calculated by translating current period activity in local currency using the comparable prior year period's currency translation rate. This impact is calculated for all countries where the functional currency is the local country currency. We do not hedge the translation effect of revenues or expenses denominated in currencies where the local currency is the functional currency. Management believes the constant currency measure provides investors an additional perspective on revenue trends. Currency impact can be determined as the difference between actual growth rates and constant currency growth rates.

Impact of COVID-19 on Our Business Operations

In response to the global COVID-19 pandemic crisis, we have prioritized the health and safety of our employees, customers and partners and continue to work to support their needs. While we continue to implement actions to mitigate the effects of this crisis on our business and operations, the uncertainty around the duration and economic impact of this crisis, makes it difficult for the company to predict the full impact of the crisis on our business operations and financial performance.

We have modeled the potential impacts on our business of numerous recovery scenarios. The most significant near-term impact from the crisis has been on our equipment and unbundled supplies sales which are transactional in nature. Sales are expected to continue to decline significantly as businesses hold off or delay purchases during the closure period and until there is a more certain path to controlling the health pandemic and to economic recovery. However, we expect this transactional portion of the business to begin to recover gradually in the second half as businesses reopen. The impact on revenues from lower equipment and supply sales is somewhat mitigated by bundled services, which are more contractual in nature. Our bundled services contracts, on average, include a minimum fixed charge and a significant variable component linked to print volumes. The variable charges are impacted by our customers' employees not being in the office and using our equipment due to the current lock-down and capacity restrictions in office buildings as they reopen. We expect that this contractual relationship will continue to enable us to be ready to ramp up and support our customers' needs as businesses resume operations.

The continued uncertainty around the spread and resurgence of the virus has changed our prior expectation for an inflection point following the second quarter. While Europe, Canada and some areas of the U.S. are reopening after controlling the rate of new infections, other areas in Latin America and parts of southern and western U.S. are seeing surges that have forced the rollback of business reopenings and impacted their economies. We experienced some signs of recovery, and a moderation in our rate of revenue declines during the month of June, however we expect that our business will continue to be impacted by the ongoing uncertainty. Accordingly, we now expect a slower pace of gradual recovery in the second half of the year.

We have a strong balance sheet and sufficient liquidity, including access to our undrawn $1.8 billion revolver as well as to receivables securitization and capital markets. Due to our Project Own It transformation, we have a more flexible cost structure, and have also focused our efforts on incremental actions to prioritize and preserve cash as we manage through this crisis. These actions include the reduction of discretionary spend such as near term targeted marketing programs and the use of contract employees as well as compensation incentives consistent with lower sales and operating results.

Government Assistance and Furlough Programs

In response to the COVID-19 pandemic crisis, various governments have enacted or continue to contemplate temporary measures to provide aid and economic stimulus directly to companies through cash grants and credits or indirectly through payments to temporarily furloughed employees.

On March 27, 2020, in response to the COVID-19 crisis, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). In addition to including temporary changes to income and non-income-based tax laws, the CARES Act also provides refundable employee retention credits and defers the requirement to remit the employer-paid portion of social security payroll taxes. 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). During second quarter 2020, we recognized savings of approximately $60 million from these temporary measures in the U.S., Canada and Europe, including $53 million from various government assistance programs and $7 million from furlough programs. Through the use of these programs, we have thus far been able to provide an offset to our costs, without further use of cash, while maintaining our employee base and minimizing the financial impact to our employees.

There were no material impacts to our income tax expense in the second quarter 2020 as a result of the temporary changes included in the CARES Act and we expect to defer payment of the employer-paid portion of social security payroll taxes through the end of calendar year 2020; however, this deferral will be reduced by employee retention credits as earned during 2020.

The savings of approximately $60 million were recorded as follows in the Condensed Consolidated Statements of Income:

(in millions)	Three Months Ended June 30, 2020
Cost of services, maintenance and rentals	$ 40
Research, development and engineering expenses	1
Selling, administrative and general expenses	19
Total Estimated savings	$ 60

Overview

Second Quarter 2020 Review

Total revenue of $1.47 billion for second quarter 2020 declined 35.3% from second quarter 2019, including a 0.7-percentage point unfavorable impact from currency. The decrease in revenue reflected a decrease of 34.3% in Post sale revenue, including a 0.7-percentage point unfavorable impact from currency, and a decrease of 38.5% in Equipment sales revenue, including a 0.5-percentage point unfavorable impact from currency.

Total revenue of $3.33 billion for the six months ended June 30, 2020 declined 25.2% as compared to the prior year period, including a 0.8-percentage point unfavorable impact from currency. The decrease in revenue reflected a decrease of 22.9% in Post sale revenue, including a 0.8-percentage point unfavorable impact from currency, and a decrease of 33.3% in Equipment sales revenue, including a 0.5-percentage point unfavorable impact from currency.

The global COVID-19 pandemic crisis significantly impacted our second quarter 2020 and year to date revenues due to business closures and office building capacity restrictions that began in the first quarter 2020, and continued into the second quarter 2020. As a result, these closures and restrictions impacted our customers' purchasing decisions, and caused delayed installations and lower printing volumes on our devices, with the biggest impact in the first half occurring in the second quarter 2020. Geographically, our European operations had larger revenue declines, partially due to a larger mix of sales through indirect channel partners which, in response to the lower demand caused by the crisis, reduced their inventory purchases to manage liquidity. Our North American operations include a larger mix of government, education, healthcare and other large customers that were less affected by business closures than our SMB customers and, on average, our North American customers have contracts with a higher component of fixed charges.

Net income attributable to Xerox Holdings[1] and adjusted[2] Net income attributable to Xerox Holdings were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	2020	2019	B/(W)	2020	2019	B/(W)
Net income attributable to Xerox Holdings[(1)]	$ 27	$ 141	$ (114)	$ 25	$ 225	$ (200)
Adjusted[(2)] Net income attributable to Xerox Holdings	36	186	(150)	86	344	(258)

Second quarter 2020 Net income attributable to Xerox Holdings decreased $114 million as compared to second quarter 2019 reflecting the impact from lower revenues primarily associated with the COVID-19 pandemic crisis that were only partially offset by lower costs and expenses including lower Income tax expense as well as lower Restructuring and related costs and Other expenses, net. Second quarter 2020 Adjusted[2] net income attributable to Xerox Holdings decreased $150 million as compared to second quarter 2019, reflecting lower revenues, which were only partially offset by lower costs and expenses and lower Income tax expense.

Net income attributable to Xerox Holdings for the six months ended June 30, 2020 decreased $200 million as compared to the prior year period reflecting the impact from lower revenues, primarily associated with the COVID-19 pandemic crisis, and higher Transaction and related costs, net, that were only partially offset by lower costs and expenses, including lower Income tax expense as well as lower Restructuring and related costs and Other expenses, net. In addition, Net income attributable to Xerox Holdings for the six months ended June 30, 2020 includes the first quarter 2020 impact of a $61 million increase in bad debt provision reflecting of the expected impact from the COVID-19 pandemic crisis on our receivable portfolio. Adjusted[2] net income attributable to Xerox Holdings for the six months ended June 30, 2020 decreased $258 million as compared to the prior year period primarily reflecting lower revenues, which were only partially offset by lower costs and expenses including lower Income tax expense, partially offset by the increased bad debt provision.

Net income attributable to Xerox Holdings for the three and six months ended June 30, 2020 were both positively impacted by savings of approximately $60 million from temporary government assistance measures and furlough programs in the U.S., Canada and Europe. Refer to the Government Assistance and Furlough Programs section for additional information.

Cash flows provided by operating activities of continuing operations for the six months ended June 30, 2020 were $207 million, as compared to $498 million in the prior year period primarily reflecting lower net income, as result of the COVID-19 pandemic crisis, partially offset by improved working capital, net[3] and decreases in finance assets. Cash used in investing activities for the six months ended June 30, 2020 was $232 million including capital expenditures of $42 million and acquisitions of $193 million. Cash used in financing activities for the six months ended June 30, 2020 was $432 million reflecting a payment of $313 million on Senior Notes and dividend payments of $115 million.

2020 Outlook

As a result of the uncertainty created by the COVID-19 pandemic crisis, in the first quarter 2020 we withdrew our previously disclosed outlooks for full year 2020 revenue, earnings, operating cash flow and capital allocation as disclosed in our 2019 Annual Report. At this time, we remain committed to paying our dividend on common shares and our policy of returning at least 50% of operating cash flows, after capital expenditures, to shareholders. We also expect to complete at least $300 million in share repurchases during the remainder of 2020.

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(1) Net income from continuing operations attributable to Xerox Holdings.
(2) See the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.
(3) Working capital, net reflects Accounts receivable, net, Inventories and Accounts payable.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of our financial condition and results of operations (MD&A) is based on the Condensed Consolidated Financial Statements and accompanying notes that have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

As discussed in our MD&A, during the first half of 2020 the company was significantly impacted by the economic disruption caused by the COVID-19 pandemic crisis. This disruption required us to review the majority of our estimates to ensure we appropriately considered the impacts caused by the COVID-19 pandemic crisis. The following is a discussion of several key estimates with respect to revenue recognition, allowance for doubtful accounts and credit losses, income taxes and goodwill. As the extent and duration of the impacts from the COVID-19 pandemic crisis remain uncertain, the Company's estimates and assumptions may evolve as conditions change.

Revenue Recognition

As disclosed in our 2019 Annual Report, revenues associated with our service arrangements – maintenance and document management - are generally recognized as maintenance and printing services are rendered, which is generally on the basis of the number of images produced. Accordingly, this recognition methodology requires us to estimate customer usage at the end of a period since the customer is typically not invoiced for that usage until the following period. Normally this estimation process is straight-forward and objective based on our significant history with different types of customers and device usage as well as the fact that a majority of our devices have connectivity to Xerox so we can remotely read and collect usage data. In addition, as disclosed in our 2019 Annual report, our service arrangements normally include a minimum volume charge together with a variable charge, so the estimation process is limited to the variable component, which will vary based on channel and geography. However, the impacts from the COVID-19 economic disruption in the first half of 2020 as well the related shutdowns of some of our customers required us to further review our estimation process for the variable component to ensure we properly and objectively captured the impacts of the decline in volumes and not solely rely on historical usage data. As we progress into the second half of 2020, we will continue to assess the usage data of our customers to ensure we properly adjust historical averages and recognize revenue consistent with those revised usage patterns and ultimately what is invoiced to the customer.

Allowance for Doubtful Accounts and Credit Losses

As disclosed in Notes 8 – Accounts Receivable, Net and Note 9 - Finance Receivables, Net, in the Condensed Consolidated Financial Statements consistent with our adoption of ASU 2016-13 effective January 1, 2020 (refer to Note 2 - Recent Accounting Pronouncements in the Condensed Consolidated Financial Statements), the allowance for doubtful accounts and credit losses is based on an assessment of past collection experience as well as consideration of current and future economic conditions and changes in our customer collection trends. In assessing the level of reserve in the first half of 2020, we had to critically assess current and forecasted economic conditions as a result of the COVID-19 pandemic crisis to ensure we objectively included those expected impacts in the determination of our reserve. Our assessment also included current portfolio credit metrics and the level of reserves and write-offs we recorded on our receivable's portfolio during the credit crisis in 2008/09 as additional reference points to objectively determine the adequacy of our allowance. Refer also to the Selling, Administrative and General Expenses (SAG) section for additional discussion regarding the incremental bad debt provision recorded in the first quarter 2020 primarily related to the economic impact of the COVID-19 pandemic crisis.

Income Taxes

As disclosed in our 2019 Annual Report, 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 difference and tax planning strategies.

Similar to other estimates during the first half of 2020, we needed to determine if any change in valuation allowances was required based on the rapid change in the economic environment and the expected changes in our financial projections for 2020 resulting from the impacts of the COVID-19 pandemic crisis. During the first half of 2020, it was determined that no material adjustments were required to our valuation allowances at June 30, 2020. However, we will continue to monitor expected 2020 projections and their potential impact on our assessment regarding the recoverability of our deferred tax asset balances.

Goodwill

We perform our annual Goodwill impairment testing in the fourth quarter of each year. During the fourth quarter 2019 impairment testing, our estimated fair value of the Company was significantly in excess of our net book value. However, in the second quarter 2020, as a result of the continued negative financial impacts from the COVID-19 pandemic crisis on our current and near term future operations, the expected slower recovery during the latter half of 2020 as businesses return to their respective offices, as well as a sustained market capitalization below our book value, we determined there was a triggering event requiring an interim quantitative evaluation of Goodwill.

In prior years' quantitative tests we estimated the fair value of the entity by weighting the results of the income approach (discounted cash flow methodology) and market approach. However, as a result of limited market compares due to companies not providing guidance in this current economic environment, our interim quantitative evaluation of goodwill was based on the income approach to estimate fair value. The income approach, which we believe provides a result that is equally or more representative of fair value in the current circumstances, is based on the discounted cash flow method that uses the Company's estimates for future forecasted financial performance including revenues, operating expenses, and taxes, as well as 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. Our estimates regarding future forecasted cash flows accordingly reflected consideration of the continued negative financial impacts from the COVID-19 pandemic crisis on our current and future operations as well expected recovery scenarios.

After completing our interim impairment review, we concluded that Goodwill was not impaired and, based on various forecast models and related sensitivity analysis, which we believe reflect the inherent uncertainty of the future, the excess of fair value over carrying value ranged between 10 and 20 percent. We believe the discount rate applied in our cases was an appropriate risk adjusted cost of capital and considers the current lower debt interest rates in the market. Although our internal forecasts clearly indicate that Xerox is and will be significantly impacted by the economic disruption caused by the COVID-19 pandemic crisis in 2020, based on a review of macroeconomic and industry considerations, the business is expected to continue to recover in the second half of the year and recover further still in 2021 with the expectation of a return to normal trends by 2022. In addition, consistent with our historical results, we believe we have the ability, within a relevant range, to offset potential further delays in the recovery of our revenue base with cost reductions and productivity improvements to help manage and maintain our projected level of cash flows. Lastly, although our estimates of the fair value of the entity were in excess of our market capitalization, we believe the implied premiums that would be indicated at net book value or at our estimated fair values are reasonable.

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 developing situation resulting from the COVID-19 pandemic crisis. However, the determination of fair value includes assumptions that are subject to risk and uncertainty. The discounted cash flow calculations are dependent on several subjective factors including the timing of future cash flows and the discount rate. If assumptions or estimates in the fair value calculations change or if future cash flows vary from what was expected, including those assumptions relating to the duration and severity of the financial impact from the COVID-19 pandemic crisis, this may impact the impairment analysis and could reduce the underlying cash flows used to estimate fair values and result in a decline in fair value that may trigger future impairment charges. We will continue to monitor developments in the third quarter 2020 including updates to our forecasted revenues, expenses and cash flow as well as our market capitalization and an update of our assessment and related estimates may be required in the future as the situation evolves. If the extent and duration of the economic disruption caused by the pandemic is longer or more severe than currently estimated there could be a material impact to our revenues and expected cash flows which in turn could negatively impact the recoverability of our Goodwill balance.

Financial Review

Revenues

(in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	% Change	CC % Change	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	% Change	CC % Change	% of Total Revenue 2020	% of Total Revenue 2019
Equipment sales	$ 310	$ 504	(38.5)%	(38.0)%	$ 635	$ 952	(33.3)%	(32.8)%	19 %	21 %
Post sale revenue	1,155	1,759	(34.3)%	(33.6)%	2,690	3,491	(22.9)%	(22.1)%	81 %	79 %
Total Revenue	$ 1,465	$ 2,263	(35.3)%	(34.6)%	$ 3,325	$ 4,443	(25.2)%	(24.4)%	100 %	100 %
Reconciliation to Condensed Consolidated Statements of Income:										
Sales	$ 460	$ 800	(42.5)%	(41.8)%	$ 1,025	$ 1,524	(32.7)%	(32.0)%		
Less: Supplies, paper and other sales	(150)	(296)	(49.3)%	(48.1)%	(390)	(572)	(31.8)%	(30.6)%		
Equipment sales	$ 310	$ 504	(38.5)%	(38.0)%	$ 635	$ 952	(33.3)%	(32.8)%		
Services, maintenance and rentals	$ 949	$ 1,402	(32.3)%	(31.6)%	$ 2,185	$ 2,795	(21.8)%	(21.1)%		
Add: Supplies, paper and other sales	150	296	(49.3)%	(48.1)%	390	572	(31.8)%	(30.6)%		
Add: Financing	56	61	(8.2)%	(7.5)%	115	124	(7.3)%	(6.5)%		
Post sale revenue	$ 1,155	$ 1,759	(34.3)%	(33.6)%	$ 2,690	$ 3,491	(22.9)%	(22.1)%		
Americas	$ 990	$ 1,504	(34.2)%	(33.6)%	$ 2,229	$ 2,914	(23.5)%	(23.1)%	67 %	66 %
EMEA	428	709	(39.6)%	(38.5)%	1,003	1,421	(29.4)%	(28.0)%	30 %	32 %
Other	47	50	(6.0)%	(6.0)%	93	108	(13.9)%	(13.9)%	3 %	2 %
Total Revenue[(1)]	$ 1,465	$ 2,263	(35.3)%	(34.6)%	$ 3,325	$ 4,443	(25.2)%	(24.4)%	100 %	100 %
Memo:										
Xerox Services	$ 604	$ 853	(29.2)%	(28.2)%	$ 1,380	$ 1,706	(19.1)%	(18.1)%	42 %	38 %

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

Total revenue for the three months ended June 30, 2020 decreased 35.3% as compared to the second quarter 2019, including a 0.7-percentage point unfavorable impact from currency and an approximate 1.0-percentage point favorable impact from recent partner dealer acquisitions, while total revenues for the six months ended June 30, 2020 decreased 25.2% as compared to the prior year period, including a 0.8-percentage point unfavorable impact from currency and an approximate 0.9-percentage point favorable impact from recent partner dealer acquisitions.

The global COVID-19 pandemic crisis significantly impacted our revenue in both the first and second quarters of 2020 due to business closures and office building capacity restrictions that impacted our customers' purchasing decisions and caused lower printing volumes on our devices. Geographically, our European operations had larger revenue declines for both the three and six months ended June 30, 2020 due in part to the earlier onset of the pandemic. In this region, larger revenue declines were partially due to a larger mix of sales through indirect channel partners which, in response to the lower demand caused by the crisis, reduced their inventory purchases to manage liquidity. Our North American operations include a larger mix of government, education, healthcare and other large customers that were less affected by business closures than our SMB customers and, on average, our North American customers have contracts with a higher component of fixed charges. Total revenue for the three and six months ended June 30, 2020 reflected the following:

Post sale revenue

Post sale revenue primarily reflects contracted services, equipment maintenance, supplies and financing. These revenues are associated not only with the population of devices in the field, which 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 from our XBS organization. For the three months ended June 30, 2020 Post sale revenue decreased 34.3% as compared to the second quarter 2019, including a 0.7-percentage point unfavorable impact from currency, while Post Sale revenue decreased 22.9% for the six months ended June 30, 2020, including a 0.8-percentage point unfavorable impact from currency. The global COVID-19 pandemic crisis significantly impacted our Post sale revenue during the first half of 2020, however its impact on our Post sale revenue slightly moderated later in the second quarter, as businesses started to reopen in certain geographical areas in the U.S. and Europe, resulting in a gradual moderation of our page volume declines. The decline reflected the following:

- **Services, maintenance and rentals revenue** includes rental and maintenance revenue (including bundled supplies) as well as the post sale component of the document services revenue from our Xerox Services offerings.
    - For the three months ended June 30, 2020, these revenues decreased 32.3% as compared to the second quarter 2019, including a 0.7-percentage point unfavorable impact from currency. The decline at constant currency[1] reflected a lower population of devices (which is partially associated with continued lower Enterprise signings and lower installs in prior and current periods), an ongoing 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 during the quarter. 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. The rate of decline of these revenues slightly moderated later in the quarter as businesses started to reopen in certain geographical areas in the U.S. and Europe.
    - For the six months ended June 30, 2020, these revenues decreased 21.8% as compared to the prior year period, including a 0.7-percentage point unfavorable impact from currency. The decline at constant currency[1] reflected a lower population of devices (which is partially associated with continued lower Enterprise signings and lower installs in prior and current periods), an ongoing 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. The rate of decline of these revenues slightly moderated late in the first half of 2020 as businesses started to reopen in certain geographical areas in the U.S. and Europe.
- **Supplies, paper and other sales** includes unbundled supplies and other sales.
    - For the three months ended June 30, 2020, these revenues decreased 49.3% as compared to second quarter 2019, including a 1.2-percentage point unfavorable impact from currency and reflected lower supplies revenues associated with lower page volume trends. The decrease in supplies was significantly impacted by lower sales to indirect channels, which in response to the lower demand caused by the crisis, reduced their inventory purchases to manage liquidity. We expect that indirect channels will maintain low purchase levels and continue to reduce their inventories until there is a stable recovery in sales activity.
    - For the six months ended June 30, 2020, these revenues decreased 31.8% as compared to the prior year period, including a 1.2-percentage point unfavorable impact from currency and reflected lower supplies revenues associated with lower page volume trends. The decrease in supplies was significantly impacted by lower sales to indirect channels, which in response to the lower demand caused by the crisis, reduced their inventory purchases to manage liquidity. We expect that indirect channels will maintain low purchase levels and continue to reduce their inventories until there is a stable recovery in sales activity.
- **Financing revenue** is generated from financed equipment sale transactions. For the three months ended June 30, 2020, these revenues declined 8.2% as compared to second quarter 2019, including a 0.7-percentage point unfavorable impact from currency, while Financing revenue for the six months ended June 30, 2020 decreased 7.3%, including a 0.8-percentage point unfavorable impact and from currency and reflected a continued decline in the finance receivables balance due to lower equipment sales in prior periods.

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

Equipment sales revenue

(in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	% Change	CC % Change	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	% Change	CC % Change	% of Equipment Sales 2020	% of Equipment Sales 2019
Entry	$ 34	$ 52	(34.6)%	(33.5)%	$ 74	$ 105	(29.5)%	(28.7)%	12%	11%
Mid-range	209	350	(40.3)%	(40.1)%	427	652	(34.5)%	(34.2)%	67%	68%
High-end	64	97	(34.0)%	(27.5)%	128	186	(31.2)%	(30.7)%	20%	20%
Other	3	5	(40.0)%	(40.0)%	6	9	(33.3)%	(33.3)%	1%	1%
Equipment sales	$ 310	$ 504	(38.5)%	(38.0)%	$ 635	$ 952	(33.3)%	(32.8)%	100%	100%

CC - See "Currency Impact" section for a description of Constant Currency.

Equipment sales revenue decreased 38.5% for the three months ended June 30, 2020 as compared to second quarter 2019, including a 0.5-percentage point unfavorable impact from currency as well as the impact of price declines of approximately 5%, while for the six months ended June 30, 2020, Equipment sales revenue decreased 33.3%, as compared to the prior year period, including a 0.5-percentage point unfavorable impact from currency as well as the impact of price decline of approximately 5%. The global COVID-19 pandemic crisis significantly impacted our equipment sales revenue during the first half of 2020 as a result of business closures and office building capacity restrictions that impacted our customers' purchasing decisions and caused delayed installations. The global pandemic affected our operations in March 2020 and throughout the second quarter 2020, however, its impact on our equipment sales lessened later in the second quarter, as businesses started to reopen in certain geographical areas of the U.S. and Europe. The decline at constant currency[1] reflected the following:

- **Entry** - The decrease for the three months ended June 30, 2020, as compared to second quarter 2019, was primarily due to lower sales of devices through our indirect channels in EMEA, Latin America and the U.S. affected in part by the COVID-19 crisis and partially offset by higher sales of lower-end black-and-white devices associated with work-from-home promos and larger order deals from Eurasia. The decrease for the six months ended June 30, 2020, as compared to the prior year period, was primarily due to lower sales of devices through our indirect channels in EMEA, Latin America and the U.S. affected in part by the COVID-19 crisis and partially offset by the benefit of large order deals from Eurasia.
- **Mid-range** - The decrease for the three months ended June 30, 2020, as compared to second quarter 2019, was driven by lower sales of devices partially as a result of the COVID-19 crisis and related office closures, which impacted this group of products more due to their prevalence in office-team settings; the decline was also more significant in our European operations due to a heavier mix of businesses through indirect channel partners, which, in response to lower demand caused by the crisis, reduced their inventory purchases to manage liquidity. Higher sales to our government and healthcare customers in North America, as well as strong demand for our recently launched PrimeLink devices, provided a partial offset. The decrease for the six months ended June 30, 2020, as compared to the prior year period, was driven by lower sales of devices partially as a result of the COVID-19 crisis and related office closures, which more significantly affected our European operations due to the earlier timing of business closures in that region, and a heavier mix of businesses through indirect channel partners, which, in response to lower demand caused by the crisis, reduced their inventory purchases to manage liquidity. In North America, the majority of the decrease came from our XBS and indirect channel organizations, which primarily serve SMB customers, partially offset by strong demand for our recently launched PrimeLink devices.
- **High-end** - The decrease for the three months ended June 30, 2020, as compared to second quarter 2019, primarily reflected lower installs of our Versant entry-production color devices and lower installs in EMEA of our Iridesse production presses. Sales of black and white presses for customers with transactional printing applications, and iGen systems grew during the quarter. The decrease in our equipment sales revenue from production color systems was partially impacted by the COVID-19 crisis, particularly in our European operations, where the distribution of our Versant and Iridesse devices through indirect channels was affected by furlough adoptions and lower inventory purchases as dealers managed their liquidity. The decrease for the six months ended June 30, 2020, as compared to the prior year period, primarily reflected lower installs of our Versant entry-production color devices, as well as lower installs of our Iridesse production presses in EMEA, which were partially offset by higher sales in EMEA of our iGen systems as well as demand for our recently launched Baltoro Inkjet press. The decrease in our equipment sales revenue from production color systems was partially impacted by the COVID-19 crisis, particularly in our European operations, where the distribution of our

Versant and Iridesse devices through indirect channels was affected by furlough adoptions and lower inventory purchases as dealers managed their liquidity.

Total Installs

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

Installs for the second quarter 2019:

Entry

- 35% decrease in color multifunction devices reflecting lower installs of ConnectKey devices through our indirect channels in the U.S. and in EMEA.
- 9% decrease in black-and-white multifunction devices reflecting lower activity from North and Latin America, partially offset by higher activity from EMEA. The declines are primarily driven by lower sales in the higher end of the portfolio partially offset by higher sales of low-end devices associated with large order deals from Eurasia and work-from-home promotions.

Mid-Range(1)

- 46% 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.
- 42% decrease in mid-range black-and-white reflecting in part global market trends partially offset by strong demand for our recently launched PrimeLink light-production multi-function devices.

High-End(1)

- 58% decrease in high-end color installs reflecting primarily lower installs of our lower-end Versant devices and of our Iridesse production systems.
- 2% increase in high-end black-and-white systems reflecting higher installs of our Nuvera offsetting market trends.

Installs for the six months ended June 30, 2020:

Entry

- 27% decrease in color multifunction devices reflecting lower installs of ConnectKey devices through our indirect channels in the U.S. and in EMEA.
- 4% decrease in black-and-white multifunction devices reflecting lower activity from North and Latin America, partially offset by higher activity from EMEA. The declines are primarily driven by lower sales in the higher end of the portfolio.

Mid-Range(1)

- 36% 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.
- 30% decrease in mid-range black-and-white reflecting in part global market trends partially offset by strong demand for our recently launched PrimeLink light-production multi-function devices.

High-End(1)

- 55% decrease in high-end color installs reflecting primarily lower installs of our lower-end Versant devices, along with lower installs of our Iridesse production systems, partially offset by strong demand for our recently-launched Baltoro inkjet press.
- 18% decrease in high-end black-and-white systems reflecting in part global market trends.

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(1) Mid-range and High-end color installations exclude Fuji Xerox digital front-end sales; including Fuji Xerox digital front-end sales for the three and six months ended June 30, 2020 Mid-range color devices decreased 46% and 36%, respectively, and High-end color systems decreased 57% and 55%, 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 Fuji Xerox, and our licensing revenue.

Our products and offerings include:

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

Costs, Expenses and Other Income

Summary of Key Financial Ratios

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

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	2020	2019	B/(W)	2020	2019	B/(W)
Gross Profit	$ 564	$ 885	$ (321)	$ 1,276	$ 1,762	$ (486)
RD&E	76	88	12	160	180	20
SAG	426	517	91	967	1,063	96
Equipment Gross Margin	28.8 %	28.8 %	— pts.	27.5 %	32.0 %	(4.5) pts.
Post sale Gross Margin	41.1 %	42.0 %	(0.9) pts.	40.9 %	41.7 %	(0.8) pts.
Total Gross Margin	38.5 %	39.1 %	(0.6) pts.	38.4 %	39.7 %	(1.3) pts.
RD&E as a % of Revenue	5.2 %	3.9 %	(1.3) pts.	4.8 %	4.1 %	(0.7) pts.
SAG as a % of Revenue	29.1 %	22.8 %	(6.3) pts.	29.1 %	23.9 %	(5.2) pts.
Pre-tax Income	$ 35	$ 190	$ (155)	$ 30	$ 263	$ (233)
Pre-tax Income Margin	2.4 %	8.4 %	(6.0) pts.	0.9 %	5.9 %	(5.0) pts.
Adjusted[(1)] Operating Profit	$ 62	$ 280	$ (218)	$ 149	$ 519	$ (370)
Adjusted[(1)] Operating Margin	4.2 %	12.4 %	(8.2) pts.	4.5 %	11.7 %	(7.2) pts.

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

Pre-tax Income Margin

Second quarter 2020 pre-tax income margin of 2.4% decreased 6.0-percentage points as compared to second quarter 2019. The decrease primarily reflected the impact of lower adjusted[1] operating margin (see below), of 8.2-percentage points, partially offset by lower Restructuring and related, costs, and Other expenses, net.

Pre-tax income margin for the six months ended June 30, 2020 of 0.9% decreased 5.0-percentage points as compared to the prior year period. The decrease primarily reflected the impact of lower adjusted[1] operating margin (see below), of 7.2-percentage points, partially offset by lower Restructuring and related costs and Other expenses, net.

Adjusted[1] Operating Margin

Second quarter 2020 adjusted[1] operating margin of 4.2% decreased 8.2-percentage points as compared to second quarter 2019 reflecting the impact of lower revenues, primarily as a result of the significant effect of the COVID-19 pandemic crisis on our business, partially offset by cost and expense reductions associated with our Project Own It transformation actions as well additional savings from various cost reduction actions to mitigate the impact of the crisis, including approximately $60 million from temporary government assistance measures and furlough programs (see the **Government Assistance and Furlough Programs** section for further details) and other reductions in discretionary spend such as near term targeted marketing programs and the use of contract employees as well as compensation incentives consistent with lower sales and operating results.

Adjusted[1] operating margin for the six months ended June 30, 2020 of 4.5% decreased 7.2-percentage points as compared to prior year period reflecting the impact of lower revenues, primarily as a result of the significant effect of the COVID-19 pandemic crisis on our business and a 1.8-percentage point unfavorable impact due to an increase in bad debt expense of $61 million in the first quarter 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 this crisis. These negative impacts were partially offset by cost and expense reductions associated with our Project Own It transformation actions as well as additional savings from various cost reduction actions to mitigate the impact of the crisis, including approximately $60 million from temporary government assistance measures and furlough programs in second quarter 2020 (see the **Government Assistance and Furlough Programs** section for further details) and other reductions in discretionary spend such as near term targeted marketing programs and the use of contract employees as well as compensation incentives consistent with lower sales and operating results.

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

Gross Margin

Second quarter 2020 gross margin of 38.5% decreased 0.6-percentage points as compared to second quarter 2019, 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 crisis due to business closures, as well as the impact of price reductions, adverse transaction currency and tariffs. These headwinds were partially offset by the benefits from our Project Own It transformation actions, as well as additional cost reduction actions to mitigate the impact of the crisis, including savings of approximately $40 million from temporary government assistance measures and furlough programs.

Gross margin for the six months ended June 30, 2020 of 38.4% decreased 1.3-percentage points as compared to the prior year period, 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 due to business closures, as well as the impact of price reductions, adverse transaction currency and tariffs. These headwinds were partially offset by the benefits from our Project Own It transformation actions, as well as additional cost reduction actions to mitigate the impact of the crisis, including savings of approximately $40 million from temporary government assistance measures and furlough programs.

Gross margins are expected to continue to be negatively impacted in future periods as a result of an increase in the cost of our imported products due to higher import tariffs. We currently estimate an approximate $30 million cost impact from these higher tariffs for the full year 2020.

Second quarter 2020 equipment gross margin of 28.8% was flat as compared to second quarter 2019, reflecting the benefit of cost reductions from our Project Own It, as well as a favorable mix of revenues due to the relatively smaller declines in our high-end category, which offset the pressure from lower revenues (primarily as a result of COVID-19 related business closures) and the adverse impact of transaction currency, incremental tariff costs and price incentives.

Equipment gross margin for the six months ended June 30, 2020 of 27.5% decreased 4.5-percentage points as compared to the prior year period, reflecting the impact of lower revenues (primarily as a result of COVID-19 related business closures) as well as the impact of incremental tariff costs, price incentives and adverse transaction currency, partially offset by the benefits from our Project Own It transformation actions.

Second quarter 2020 Post sale gross margin of 41.1% decreased 0.9-percentage points as compared to second quarter 2019, reflecting the impact of lower revenues (primarily as a result of COVID-19 related business closures) and pricing pressure on contract renewals, partially offset by productivity and restructuring savings associated with our Project Own It transformation actions, as well as savings from our additional cost reduction actions to mitigate
the impact of the crisis, including approximately $40 million of savings from temporary government assistance measures and furlough programs.

Post sale gross margin for the six months ended June 30, 2020 of 40.9% decreased 0.8-percentage points as compared to the prior year period, reflecting the impact of lower revenues (primarily as a result of COVID-19 related business closures) and pricing pressure on contract renewals, partially offset by productivity and restructuring savings associated with our Project Own It transformation actions, as well as savings from our additional cost reduction actions to mitigate the impact of the crisis, including approximately $40 million of savings from temporary government assistance measures and furlough programs.

Research, Development and Engineering Expenses (RD&E)

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	2020	2019	Change	2020	2019	Change
R&D	$ 65	$ 73	$ (8)	$ 133	$ 150	$ (17)
Sustaining engineering	11	15	(4)	27	30	(3)
Total RD&E Expenses	$ 76	$ 88	$ (12)	$ 160	$ 180	$ (20)

Second quarter 2020 RD&E as a percentage of revenue of 5.2% increased by 1.3-percentage points as compared to second quarter 2019, primarily due to the impact of revenue declines that outpaced the benefits of cost reductions.

RD&E of $76 million decreased $12 million as compared to second quarter 2019 reflecting savings from Project Own It and other temporary cost actions, as well as a favorable impact from the timing of investments, partially offset by higher spend in our innovation areas.

RD&E as a percentage of revenue for the six months ended June 30, 2020 of 4.8% increased by 0.7-percentage points as compared to the prior year period, primarily due to the impact of revenue declines that outpaced the benefits of cost reductions.

RD&E for the six months ended June 30, 2020 of $160 million decreased $20 million as compared to the prior year period, reflecting savings from Project Own It and other temporary cost actions, as well as a favorable impact from the timing of investments, partially offset by higher spend in our innovation areas.

Selling, Administrative and General Expenses (SAG)

Second quarter 2020 SAG as a percentage of revenue of 29.1% increased by 6.3-percentage points as compared to second quarter 2019, primarily due to the impact of lower revenues, partially offset by the benefits from productivity and restructuring associated with our Project Own It transformation actions, and savings from additional cost reduction actions to mitigate the impact of the crisis, including approximately $19 million from temporary government assistance measures and furlough programs, and other reductions in discretionary spend such as near term targeted marketing programs and the use of contract employees as well as compensation incentives consistent with lower sales and operating results.

During first quarter 2020, our bad debt provision was $61 million higher than the prior year period primarily reflecting the expected impact to our customer base and related outstanding receivable portfolio as a result of the economic disruption caused by the COVID-19 pandemic crisis. During second quarter 2020, write-offs were in line with expectations and the current bad debt reserves for our trade and finance receivables portfolios were determined to be adequate and consistent with future expectations regarding the impacts from the COVID-19 pandemic crisis. Accordingly, no incremental reserves were required and bad debt expense for second quarter 2020 of $13 million was effectively flat as compared to second quarter 2019.

Second quarter 2020 SAG of $426 million decreased by $91 million as compared to second quarter 2019, reflecting productivity and restructuring savings associated with our Project Own It transformation actions and from additional cost reduction actions, including lower compensation incentives and targeted marketing expenses, to mitigate the impact of the crisis.

SAG as a percentage of revenue for the six months ended June 30, 2020 of 29.1% increased by 5.2-percentage points as compared to the prior year period and included a 1.8-percentage point unfavorable impact due to the increase in bad debt expense of $61 million in the first quarter 2020, as compared to the prior year period. The increase also reflected the impact of lower revenues, partially offset by the benefits from productivity and restructuring associated with our Project Own It transformation actions and savings from additional cost reduction actions to mitigate the impact of the crisis, including approximately $19 million from temporary government assistance measures and furlough programs, and other reductions in discretionary spend such as near term targeted marketing programs and the use of contract employees as well as compensation incentives consistent with lower sales and operating results. Bad debt expense for the six months ended June 30, 2020 of $87 million was $62 million higher compared to the prior year period as a result of the increase in the bad debts provision recorded in first quarter 2020 as described above.

SAG for the six months ended June 30, 2020 of $967 million decreased $96 million as compared to the prior year period, reflecting productivity and restructuring savings associated with our Project Own It transformation actions and from additional cost reduction actions, including lower compensation incentives and targeted marketing expenses, to mitigate the impact of the crisis. These savings were partially offset by the increase in bad debt expense as described above.

The majority of the increased provision is related to finance receivables due to their larger balance and longer-term nature. We continue to monitor developments regarding this crisis, including expectations for lifting of business closures and mitigating government support actions and as a result our reserve estimates may need to be updated in future periods. Bad debt expense of approximately 2.7 percent of total gross receivables on a trailing-twelve-month basis (TTM) reflects the significant increase in first quarter 2020 and remained high as compared to the 2019 trend of less than one percent.

Restructuring and Related Costs

We incurred restructuring and related costs of $3 million for the second quarter 2020, as compared to $37 million for second quarter 2019, and $44 million for the six months ended June 30, 2020 as compared to $149 million in the prior year period. These costs were primarily related to implementation of initiatives under our business transformation projects including Project Own It. The following is a breakdown of those costs:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Restructuring and severance[(1)]	$ 7	$ 13	$ 39	$ 25
Asset impairments[(2)]	—	10	2	46
Other contractual termination costs[(3)]	—	3	1	17
Net reversals[(4)]	(9)	(8)	(15)	(16)
Restructuring and asset impairment costs	(2)	18	27	72
Retention related severance/bonuses[(5)]	4	11	11	20
Contractual severance costs[(6)]	—	—	4	38
Consulting and other costs[(7)]	1	8	2	19
Total	$ 3	$ 37	$ 44	$ 149

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(1) Reflects headcount reductions of approximately 150 employees worldwide for the three months ended June 30, 2020 and 2019, respectively, and 450 and 300 employees worldwide for the six months ended June 30, 2020 and 2019, respectively.
(2) Primarily related to the exit and abandonment of leased and owned facilities. The charge includes the accelerated write-off of $0 million and $8 million for the three months ended June 30, 2020 and 2019, respectively, and $1 million and $34 million for the six months ended June 30, 2020 and 2019, respectively, for leased right-of-use assets, as well as $0 million and $2 million for the three months ended June 30, 2020 and 2019, respectively, and $1 million and $12 million for the six months ended June 30, 2020 and 2019, respectively, for owned assets upon exit from the 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.
(5) Includes retention related severance and bonuses for employees expected to continue working beyond their minimum notification period before termination.
(6) Amounts reflect estimated severance and other related costs we were contractually required to pay in connection with employees transferred as part of the shared service arrangement entered into with HCL Technologies in the first quarter 2019.
(7) Represents professional support services associated with our business transformation initiatives.

Second quarter 2020 actions impacted several functional areas, with approximately 10% focused on gross margin improvements and approximately 90% focused on SAG reductions.

Second quarter 2019 actions impacted several functional areas, with approximately 15% focused on gross margin improvements, approximately 80% focused on SAG reductions and the remainder focused on RD&E optimization.

The restructuring and related costs reserve balance as of June 30, 2020 for all programs was $94 million, which is expected to be paid over the next twelve months.

Refer to Note 12 - Restructuring Programs in the Condensed Consolidated Financial Statements for additional information regarding our restructuring programs.

Transaction and Related Costs, Net

We incurred $7 million and $24 million of Transaction and related costs, net for the three and six months ended June 30, 2020 primarily related to legal and other professional costs associated with certain strategic M&A projects including our terminated proposal to acquire HP Inc. (see the Termination of Proposed Transaction with HP Inc. section for further details).

Amortization of Intangible Assets

Amortization of intangible assets for the six months ended June 30, 2020 of $21 million decreased by $5 million as compared to the prior year period as a result of the write-off of trade names in prior periods associated with our realignment and consolidation of certain XBS sales units as part of Project Own It transformation actions partially offset by intangible amortization associated with 2020 and 2019 acquisitions.

Worldwide Employment

Worldwide employment was approximately 26,100 as of June 30, 2020 and decreased by approximately 900 from December 31, 2019. The reduction resulted from net attrition (attrition net of gross hires), of which a large portion is not expected to be backfilled, as well as the impact of organizational changes.

Other Expenses, Net

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Non-financing interest expense	$ 18	$ 26	$ 39	$ 54
Non-service retirement-related costs	(8)	10	(7)	23
Interest income	(3)	(3)	(11)	(7)
Gains on sales of businesses and assets	—	—	(1)	(1)
Contract termination costs - IT services	—	—	3	—
Currency losses, net	2	—	4	2
All other expenses, net	(2)	5	3	6
Other expenses, net	$ 7	$ 38	$ 30	$ 77

Non-Financing Interest Expense

Second quarter 2020 non-financing interest expense of $18 million was $8 million lower than second quarter 2019. When combined with financing interest expense (Cost of financing), total interest expense decreased by $11 million from second quarter 2019 primarily due to a lower debt balance.

For the six months ended June 30, 2020 non-financing interest expense of $39 million was $15 million lower than the prior year period. When combined with financing interest expense (Cost of financing), total interest expense decreased by $20 million from the prior year period primarily due to a lower debt balance.

Refer to Note 13 - Debt in the Condensed Consolidated Financial Statements, for additional information regarding the interest expense.

Non-Service Retirement-Related Costs

Non-service retirement-related costs for the three and six months ended June 30, 2020 decreased $18 million and $30 million, respectively, compared to the prior year periods, primarily driven by lower losses from pension settlements in the U.S.

Refer to Note 16 - Employee Benefit Plans in the Condensed Consolidated Financial Statements, for additional information regarding non-service retirement-related costs.

Interest Income

Interest income for the six months ended June 30, 2020 increased $4 million compared to the prior year period, primarily reflecting interest on a higher cash balance as a result of cash proceeds received from the sales of our indirect 25% equity interest in Fuji Xerox Co., Ltd. ("FX") and indirect 51% partnership interest in Xerox International Partners ("XIP") completed in fourth quarter 2019, partially offset by lower market interest rates.

Income Taxes

Second quarter 2020 effective tax rate was 22.9%. On an adjusted[1] basis, second quarter 2020 effective tax rate was 23.4%. This rate was higher than the U.S. federal statutory tax rate of 21% primarily due to state taxes and the geographical mix of profits partially offset by the impact from various non-deductible and discrete items on lower pre-tax income. The adjusted[1] effective tax rate excludes the tax impacts associated with the following charges: Restructuring and related costs, 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 effective tax rate for the six months ended June 30, 2020 was 23.3%. On an adjusted[1] basis, the effective tax rate for the six months ended June 30, 2020 was 27.0%. This rate was higher than the U.S. federal statutory tax rate of 21% primarily due to the impact of changes in our uncertain tax positions, state taxes, various non-deductible items partially offset by the impact of tax law changes and other discrete items. The adjusted[1] effective tax rate excludes the tax impacts associated with the following charges: Restructuring and related costs, 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.

Second quarter 2019 effective tax rate was 26.3%. On an adjusted[1] basis, second quarter 2019 effective tax rate was 26.6%. These rates were higher than the U.S. federal statutory tax rate of 21% primarily due to state taxes and the geographical mix of profits. The adjusted[1] effective tax rate excludes the tax impacts associated with the following charges: Restructuring and related costs, Amortization of intangible assets, Transaction and related costs, net and non-service retirement-related costs.

The effective tax rate for the six months ended June 30, 2019 was 15.2% and included a benefit of $35 million related to the January 2019 finalization of regulations that govern the repatriation tax from the 2017 Tax Cuts and Jobs Act (the Tax Act). On an adjusted[1] basis, the effective tax rate for the six months ended June 30, 2019 was 26.5%. These rates were higher than the U.S. federal statutory tax rate of 21% primarily due to state taxes and the geographical mix of profits. The adjusted[1] effective tax rate excludes the tax impacts associated with the following charges: Restructuring and related costs, Amortization of intangible assets, Transaction and related costs, net and non-service retirement-related costs as well as other discrete, unusual or infrequent items as described in our Non-GAAP Financial Measures section, which included the impact of the Tax Act.

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. Refer to **Discontinued Operations** below and Note 6 - Divestitures, in the Condensed Consolidated Financial Statements for additional information regarding the sale of Fuji Xerox. Accordingly, our remaining investment in Affiliates, at Equity at June 30, 2020 largely consists of several minor investments in entities in the Middle East region.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Equity in net income of unconsolidated affiliates - Fuji Xerox[(1)]	$ —	$ 32	$ —	$ 75
Equity in net income of unconsolidated affiliates - continuing operations	—	2	2	4
Total Equity in net income of unconsolidated affiliates	$ —	$ 34	$ 2	$ 79
Fuji Xerox after-tax restructuring and other charges	$ —	$ 7	$ —	$ 19

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

Net Income from Continuing Operations

Second quarter 2020 Net income from continuing operations attributable to Xerox Holdings was $27 million, or $0.11 per diluted share. On an adjusted[1] basis, Net income from continuing operations attributable to Xerox Holdings was $36 million, or $0.15 per diluted share. Second quarter 2020 adjustments to Net income from continuing operations included Restructuring and related costs, Amortization of intangible assets, Transaction and related costs, net and non-service retirement-related costs.

Net income from continuing operations attributable to Xerox Holdings for the six months ended June 30, 2020 was $25 million, or $0.08 per diluted share. On an adjusted[1] basis, Net income from continuing operations attributable to Xerox Holdings was $86 million, or $0.36 per diluted share and included the negative impact of a $61 million pre-tax increase in bad debt expense (approximately $43 million after-tax) as compared to the prior year period, primarily reflecting the expected impact to our customer base and related outstanding receivable portfolio as a result of the economic disruption caused by the COVID-19 pandemic crisis. Adjustments to Net income from continuing operations for the six months ended June 30, 2020 included Restructuring and related costs, 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.

Second quarter 2019 Net income from continuing operations attributable to Xerox Holdings was $141 million, or $0.60 per diluted share. On an adjusted[1] basis, Net income from continuing operations attributable to Xerox Holdings was $186 million, or $0.79 per diluted share. Second quarter 2019 adjustments to Net income from continuing operations included Restructuring and related costs, Amortization of intangible assets, Transaction and related costs, net and non-service retirement-related costs.

Net income from continuing operations attributable to Xerox Holdings for the six months ended June 30, 2019 was $225 million, or $0.94 per diluted share. On an adjusted[1] basis, Net income from continuing operations attributable to Xerox Holdings was $344 million, or $1.45 per diluted share. Adjustments to Net income from continuing operations for the six months ended June 30, 2019 included Restructuring and related costs, Amortization of intangible assets, Transaction and related costs, net and non-service retirement-related costs, as well as other discrete, unusual or infrequent items as described in our Non-GAAP Financial Measures section.

Refer to Note 20 - Earnings per Share in the Condensed Consolidated Financial Statements, for additional information regarding the calculation of basic and diluted earnings per share.

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

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 Co., Ltd. (FX) for approximately $2.2 billion as well as the sale of its indirect 51% partnership interest in Xerox International Partners (XIP) for approximately $23 million (collectively the Sales). As a result of the Sales 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 the periods prior to the Sales are reflected as a discontinued operation and as such, their impact is excluded from continuing operations for all periods presented.

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

Other Comprehensive Income (Loss)

Second quarter 2020 Other Comprehensive Income, Net Attributable to Xerox Holdings was $103 million and included the following: ii) $80 million of net gains from the changes in defined benefit plans primarily due to remeasurement; ii) net translation adjustment gains of $25 million reflecting the strengthening of our major foreign currencies against the U.S. Dollar; and iii) $2 million of net unrealized losses. This compares to Other Comprehensive Income, Net Attributable to Xerox Holdings of $5 million for the second quarter 2019, which reflected the following: iii) $9 million of net gains from the changes in defined benefit plans; ii) $4 million of net translation adjustment losses; and iii) no net unrealized gains or losses.

Other Comprehensive Loss, Net Attributable to Xerox Holdings for the six months ended June 30, 2020 was $35 million and included the following: i) net translation adjustment losses of $172 million reflecting the significant weakening of our major foreign currencies against the U.S. Dollar; ii) $134 million of net gains from the changes in defined benefit plans primarily due to remeasurement in the second quarter; and iii) $3 million of net unrealized gains. This compares to Other Comprehensive Income, Net Attributable to Xerox Holdings of $45 million for the six months ended June 30, 2019, which reflected the following: i) $33 million of net translation adjustment gains, reflecting the strengthening of our major foreign currencies against the U.S. Dollar; ii) $10 million of net gains from the changes in defined benefit plans; and iii) $2 million of net unrealized gains.

Refer to Note 19 - Other Comprehensive Income (Loss) in the Condensed Consolidated Financial Statements, for the components of Other Comprehensive Income (Loss), Note 14 - Financial Instruments in the Condensed Consolidated Financial Statements, for additional information regarding unrealized (losses) gains, net, and Note 16 - Employee Benefit Plans in the Condensed Consolidated Financial Statements, for additional information regarding net changes in our defined benefit plans.

Capital Resources and Liquidity

Our financial results through June 30, 2020 were significantly impacted by COVID-19 related business closures and office building capacity restrictions that impacted our customers' purchasing decisions and caused delayed installations and lower printing volumes on our devices. However, we believe we have sufficient liquidity to manage the business through the economic disruption caused by this crisis:

- A majority of our business is contractually based and our bundled services contracts, on average, include not only a variable component linked to print volumes, but also a fixed minimum, which provides us with a continuing stream of operating cash flow.
- As of June 30, 2020, total cash, cash equivalents and restricted cash were $2,314 million and, apart from the restricted cash of $42 million, was readily accessible for use.
- We have access to an undrawn $1.8 billion Credit Facility that matures in August 2022.
- We expect to be able to utilize a combination of cash on hand, capital markets and securitization to manage debt maturities in 2020. Refer to Note 22 - Subsequent Event in the Condensed Consolidated Financial Statements for additional information regarding a recent secured borrowing transaction.
- We have focused our efforts on incremental actions to prioritize and preserve cash as we manage through this crisis. These actions include the reduction of discretionary spend such as near term targeted marketing programs, the use of contract employees and compensation incentives consistent with lower sales and operating results, as well as the use of available temporary government assistance measures and furlough programs.

Cash Flow Analysis

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

	Six Months Ended June 30,		
(in millions)	2020	2019	Change
Net cash provided by operating activities of continuing operations	$ 207	$ 498	$ (291)
Net cash provided by operating activities of discontinued operations	—	41	(41)
Net cash provided by operating activities	207	539	(332)
Net cash used in investing activities	(232)	(72)	(160)
Net cash used in financing activities	(432)	(846)	414
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(24)	7	(31)
Decrease in cash, cash equivalents and restricted cash	(481)	(372)	(109)
Cash, cash equivalents and restricted cash at beginning of period	2,795	1,148	1,647
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 2,314	$ 776	$ 1,538

Cash Flows from Operating Activities

Net cash provided by operating activities of continuing operations was $207 million for the six months ended June 30, 2020. The $291 million decrease in operating cash from the prior year period was primarily due to the following:

- $356 million decrease in pre-tax income before depreciation and amortization, provisions, restructuring and related costs and defined benefit pension costs.
- $241 million decrease from higher levels of inventory primarily due to lower sales volume.
- $113 million decrease from lower accounts payable primarily due to decreased spending and the year-over-year timing of supplier and vendor payments.
- $112 million decrease in other current and long-term liabilities, reflecting lower accruals, particularly incentive-related payments associated with our indirect channel partners and decreases in deferred revenue reflecting lower sales activity.
- $46 million decrease from accrued compensation primarily related to lower compensation costs and the year-over-year timing of payments.
- $15 million decrease in transaction and related costs primarily due to insurance proceeds received in the prior year.
- $419 million increase from accounts receivable primarily due to lower revenue.
- $88 million increase primarily related to a higher level of run-off due to lower originations of finance receivables of $71 million and lower equipment on operating leases of $17 million.
- $49 million increase due to the timing of payments associated with restructuring related costs of $9 million in the current year compared to $58 million in the prior year.

- $47 million increase from net taxes primarily due to lower payments in 2020 as a result of lower pre-tax income and government programs, enacted as part of the COVID-19 relief actions, that allow for the deferral of income tax payments to 2021.

Cash Flows from Investing Activities

Net cash used in investing activities was $232 million for the six months ended June 30, 2020. The $160 million change from from the prior year period was primarily due to four acquisitions completed in the current year for $193 million compared to two acquisitions in the prior year for $42 million.

Cash Flows from Financing Activities

Net cash used in financing activities was $432 million for the six months ended June 30, 2020. The $414 million decrease in the use of cash from the prior year period was primarily due to the following:

- $93 million decrease from net debt activity. 2020 reflects payment of $313 million on Senior Notes compared to prior year payments of $406 million on Senior Notes.
- $300 million decrease due to share repurchases in prior year compared to no share repurchases in the current year.

Cash, Cash Equivalents and Restricted Cash

Refer to Note 7 - Supplementary Financial Information in the Condensed Consolidated Financial Statements for additional information regarding Cash, cash equivalents and restricted cash.

Operating Leases

We have operating leases for real estate and vehicles in our domestic and international operations as well as 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 ten years and a variety of renewal and/or termination options.

Refer to Note 11 - Lessee in the Condensed Consolidated Financial Statements for additional information regarding our leases accounted under lessee accounting.

Debt and Customer Financing Activities

The following summarizes our debt:

(in millions)	June 30, 2020	December 31, 2019
Principal debt balance(1)	$ 4,000	$ 4,313
Net unamortized discount	(11)	(16)
Debt issuance costs	(14)	(17)
Fair value adjustments(2)		
- terminated swaps	1	1
- current swaps	2	1
Total Debt	$ 3,978	$ 4,282

(1) Includes no Notes Payable as of June 30, 2020 and December 31, 2019, respectively.
(2) 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.

Finance Assets and Related Debt

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

(in millions)	June 30, 2020	December 31, 2019
Total finance receivables, net(1)	$ 3,070	$ 3,351
Equipment on operating leases, net	312	364
Total Finance Assets, net(2)	$ 3,382	$ 3,715

(1) Includes (i) Billed portion of finance receivables, net, (ii) Finance receivables, net and (iii) Finance receivables due after one year, net as included in our Condensed Consolidated Balance Sheets.
(2) The change from December 31, 2019 includes a decrease of $33 million due to currency.

Our lease contracts permit customers to pay for equipment over time rather than at the date of installation; therefore, we maintain a certain level of debt (that we refer to as financing debt) to support our investment in these lease contracts, which are reflected in total finance assets, net. For this financing aspect of our business, we maintain an assumed 7:1 leverage ratio of debt to equity as compared to our finance assets.

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

(in millions)	June 30, 2020	December 31, 2019
Finance receivables debt[1]	$ 2,686	$ 2,932
Equipment on operating leases debt	273	319
Financing debt	2,959	3,251
Core debt	1,019	1,031
Total Debt	$ 3,978	$ 4,282

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

Sales of Accounts Receivable

Activity related to sales of accounts receivable is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Estimated (decrease) increase to operating cash flows[1]	$ (58)	$ 5	$ (136)	$ —

(1) Represents the difference between current and prior period accounts receivable sales adjusted for the effects of currency. The respective decrease for the three and six months ended June 30, 2020 reflects decreased sales activity in the channel.

Refer to Note 8 - Accounts Receivable, Net in the Condensed Consolidated Financial Statements for additional information regarding our accounts receivable sales arrangements.

Liquidity and Financial Flexibility

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

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

(in millions)	Amount[1]
2020 Q3	$ 738
2020 Q4	—
2021	1,062
2022	300
2023	1,000
2024	300
2025	—
2026 and thereafter	600
Total	$ 4,000

(1) Includes fair value adjustments.

Treasury Stock

No shares of our common stock were repurchased by Xerox Holdings during the six months ended June 30, 2020. Since Xerox Holdings' Board of Directors authorized a $1.0 billion share repurchase program in July 2019, the cumulative total shares repurchased by Xerox Holdings is 9.1 million shares for an aggregate cost of $300 million, including fees, through June 30, 2020.

No additional shares of common stock have been repurchased since June 30, 2020, through our filing date, July 30, 2020.

Shared Services Arrangement with HCL Technologies

In March 2019, as part of Project Own It, Xerox entered into a shared services arrangement with HCL Technologies (HCL) pursuant to which we transitioned certain global administrative and support functions, including, among others, selected information technology and finance functions (excluding accounting), from Xerox to HCL. This transition was expected to be completed during 2020, however, as a result of delays caused by the COVID-19 pandemic crisis, the transition is now expected to extend into 2021. HCL is expected to make certain ongoing investments in software, tools and other technology to consolidate, optimize and automate the transferred functions with the goal of providing improved service levels and significant cost savings. The shared services arrangement with HCL includes a remaining aggregate spending commitment of approximately $1.2 billion over the next 6 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.

For the three and six months ended June 30, 2020, we incurred net charges of approximately $45 million and $90 million, respectively, associated with this arrangement. The cost has been allocated to the various functional expense lines in the Condensed Consolidated Statements of 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.

Termination of Proposed Transaction with HP Inc.

In November 2019, Xerox Holdings commenced a proposed business combination transaction with HP Inc. (HP). HP rejected our initial and subsequent proposals and refused to engage in mutual due diligence or negotiations. In January 2020, Xerox Holdings nominated a slate of directors to HP's board to be voted on at HP's 2020 annual meeting of stockholders and shortly thereafter, it launched a tender offer to acquire all outstanding shares of HP, as it intended to continue to pursue the proposed business combination transaction. However, the ongoing COVID-19 pandemic crisis and resulting macroeconomic and market turmoil created an environment that the company determined to not be conducive to Xerox Holdings continuing its pursuit of an acquisition of HP. Accordingly, on March 31, 2020 Xerox Holdings withdrew its tender offer to acquire HP and terminated its proxy solicitation to nominate a slate of candidates to HP's board of directors.

In 2020, Xerox Holdings had obtained $24 billion in financing commitments from several banks to support the cash portion of the proposed business combination transaction with HP. On March 31, 2020, following the withdrawal of Xerox Holdings' tender offer to acquire HP, notice was provided to the banks of the immediate termination of the financing commitment. No termination penalties were paid as a result of termination.

Financial Risk Management

We are exposed to market risk from foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We utilize derivative financial instruments to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We enter into limited types of derivative contracts, including interest rate swap agreements, foreign currency spot, forward and swap contracts and net purchased foreign currency options to manage interest rate and foreign currency exposures. Our primary foreign currency market exposures include the Japanese Yen, Euro and U.K. Pound Sterling. The fair market values of all our derivative contracts change with fluctuations in interest rates and/or currency exchange rates and are designed so that any changes in their values are offset by changes in the values of the underlying exposures. Derivative financial instruments are held solely as risk management tools and not for trading or speculative purposes. The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

We are required to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. As permitted, certain of these derivative contracts have been designated for hedge accounting treatment. Certain of our derivatives that do not qualify for hedge accounting are effective as economic hedges. These derivative contracts are likewise required to be recognized each period at fair value and therefore do result in some level of volatility. The level of volatility will vary with the type and amount of derivative hedges outstanding, as well as fluctuations in the currency and interest rate markets during the period. The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

By their nature, all derivative instruments involve, to varying degrees, elements of market and credit risk. The market risk associated with these instruments resulting from currency exchange and interest rate movements is expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. We do not believe there is significant risk of loss in the event of non-performance by the counterparties associated with these instruments because these transactions are executed with a diversified group of major financial institutions. Further, our policy is to deal with counterparties having a minimum investment grade or better credit rating. Credit risk is managed through the continuous monitoring of exposures to such counterparties.

The current market events have not required us to materially modify or change our financial risk management strategies with respect to our exposures to interest rate and foreign currency risk. Refer to Note 14 – Financial Instruments in the Condensed Consolidated Financial Statements for further discussion and information on our financial risk management strategies.

Non-GAAP Financial Measures

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

A reconciliation of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are set forth below as well as in the second quarter 2020 presentation slides available at www.xerox.com/investor.

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

Adjusted Earnings Measures

- Net income and Earnings per share (EPS)
- Effective tax rate

The above measures were adjusted for the following items:

Restructuring and related costs: Restructuring and related costs 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 including our announced proposal to acquire HP Inc., which was terminated in March 2020, and our planned transaction with Fujifilm/Fuji Xerox, which was terminated in May 2018. These costs are primarily for third-party legal, accounting, consulting and other similar type professional services as well as potential legal settlements. 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 each period:

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

Constant Currency (CC)

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

Summary

Management believes that all of these non-GAAP financial measures provide an additional means of analyzing the current period's results against the corresponding prior period's results. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the company's reported results prepared in accordance with GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our Condensed Consolidated Financial Statements prepared in accordance with GAAP. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on these non-GAAP measures.

A reconciliation of these non-GAAP financial measures and the most directly comparable measures calculated and presented in accordance with GAAP are set forth on the following tables:

Net Income and EPS reconciliation:

(in millions, except per share amounts)	Three Months Ended June 30, 2020 Net Income	Three Months Ended June 30, 2020 EPS	Three Months Ended June 30, 2019 Net Income	Three Months Ended June 30, 2019 EPS	Six Months Ended June 30, 2020 Net Income	Six Months Ended June 30, 2020 EPS	Six Months Ended June 30, 2019 Net Income	Six Months Ended June 30, 2019 EPS
Reported[1]	$ 27	$ 0.11	$ 141	$ 0.60	$ 25	$ 0.08	$ 225	$ 0.94
Adjustments:								
Restructuring and related costs	3		37		44		149	
Amortization of intangible assets	10		11		21		26	
Transaction and related costs, net	7		4		24		4	
Non-service retirement-related costs	(8)		10		(7)		23	
Contract termination costs - IT services	—		—		3		—	
Income tax on adjustments[2]	(3)		(17)		(24)		(48)	
Tax Act	—		—		—		(35)	
Adjusted	$ 36	$ 0.15	$ 186	$ 0.79	$ 86	$ 0.36	$ 344	$ 1.45
Dividends on preferred stock used in adjusted EPS calculation[3]		$ 3		$ —		$ 7		$ —
Weighted average shares for adjusted EPS[3]		216		235		216		237
Fully diluted shares at June 30, 2020[4]		216						

(1) Net income and EPS from continuing operations attributable to Xerox Holdings.
(2) Refer to Effective Tax Rate reconciliation.
(3) Average shares for the calculation of adjusted diluted EPS for 2020 exclude 7 million shares associated with our Series A convertible preferred stock and therefore earnings include the preferred stock dividend. Average shares for the calculation of adjusted diluted EPS for 2019 exclude the preferred stock dividend and include 7 million shares associated with our Series A convertible preferred stock.
(4) Represents common shares outstanding at June 30, 2020 plus potential dilutive common shares as used for the calculation of adjusted diluted EPS for the second quarter 2020. The amount excludes shares associated with our Series A convertible preferred stock as they are expected to be anti-dilutive for the year.

Effective Tax Rate reconciliation:

(in millions)	Three Months Ended June 30, 2020 Pre-Tax Income	2020 Income Tax Expense	2020 Effective Tax Rate	2019 Pre-Tax Income	2019 Income Tax Expense	2019 Effective Tax Rate
Reported[1]	$ 35	$ 8	22.9 %	$ 190	$ 50	26.3 %
Non-GAAP Adjustments[2]	12	3		62	17	
Adjusted[3]	$ 47	$ 11	23.4 %	$ 252	$ 67	26.6 %

(in millions)	Six Months Ended June 30, 2020 Pre-Tax Income	2020 Income Tax Expense	2020 Effective Tax Rate	2019 Pre-Tax Income	2019 Income Tax Expense	2019 Effective Tax Rate
Reported[1]	$ 30	$ 7	23.3 %	$ 263	$ 40	15.2 %
Non-GAAP Adjustments[2]	85	24		202	48	
Tax Act	—	—		—	35	
Adjusted[3]	$ 115	$ 31	27.0 %	$ 465	$ 123	26.5 %

(1) Pre-tax income and income tax expense from continuing operations.
(2) Refer to Net 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 Income under ASC 740, which employs an annual effective tax rate method to the results.

Operating Income and Margin reconciliation:

(in millions)	Three Months Ended June 30, 2020 Profit	Revenue	Margin	2019 Profit	Revenue	Margin
Reported[1]	$ 35	$ 1,465	2.4 %	$ 190	$ 2,263	8.4 %
Adjustments:						
Restructuring and related costs	3			37		
Amortization of intangible assets	10			11		
Transaction and related costs, net	7			4		
Other expenses, net	7			38		
Adjusted	$ 62	$ 1,465	4.2 %	$ 280	$ 2,263	12.4 %

(in millions)	Six Months Ended June 30, 2020 Profit	Revenue	Margin	2019 Profit	Revenue	Margin
Reported[1]	$ 30	$ 3,325	0.9 %	$ 263	$ 4,443	5.9 %
Adjustments:						
Restructuring and related costs	44			149		
Amortization of intangible assets	21			26		
Transaction and related costs, net	24			4		
Other expenses, net	30			77		
Adjusted	$ 149	$ 3,325	4.5 %	$ 519	$ 4,443	11.7 %

(1) Pre-Tax Income and Revenue from continuing operations.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the “Financial Risk Management” section of this Quarterly Report on Form 10-Q is hereby incorporated by reference in answer to this Item.

ITEM 4 — CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Xerox Holdings Corporation

The management of Xerox Holdings Corporation evaluated, with the participation of its principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of its disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, the principal executive officer and principal financial officer of Xerox Holdings Corporation have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures of Xerox Holdings Corporation were effective to ensure that information that is required to be disclosed in the reports that is filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms relating to Xerox Holdings Corporation, including its consolidated subsidiaries, and was accumulated and communicated to the management of Xerox Holdings Corporation, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Xerox Corporation

The management of Xerox Corporation evaluated, with the participation of its principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of its disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, the principal executive officer and principal financial officer of Xerox Corporation have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures of Xerox Corporation were effective to ensure that information that is required to be disclosed in the reports that is filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms relating to Xerox Corporation, including its consolidated subsidiaries, and was accumulated and communicated to the management of Xerox Corporation, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls

Xerox Holdings Corporation

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

Xerox Corporation

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

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information set forth under Note 21 – Contingencies and Litigation in the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q is incorporated by reference in answer to this item.

ITEM 1A — RISK FACTORS

You should carefully consider the following risk factors as well as the other information included, and risks described, in other sections of this Form 10-Q, including under the headings "Cautionary Statement Regarding Forward-Looking Statements", "Legal Proceedings", "Selected Financial Data", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our Condensed Consolidated Financial Statements and the related notes thereto. These risk factors have been updated from the risk factors contained in our combined Annual Report on Form 10-K for the year ended December 31, 2019.

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.

The effects of the COVID-19 pandemic have materially affected how we and our customers are operating our businesses, and the duration and extent to which this will impact our future results of operations and overall financial performance remain uncertain.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, which continues to spread throughout the U.S. and the world and has resulted in authorities implementing numerous measures to contain the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, and business limitations and shutdowns.

The COVID-19 pandemic has negatively impacted the global economy, disrupted customer spending and global supply chains, and created 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, the availability of therapeutics and the development of a vaccine, 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, most countries, states, counties and cities have imposed and continue to impose a wide range of restrictions on our employees', partners' and customers' physical movement to limit the spread of COVID-19 including travel bans and restrictions, quarantines, shelter-in-place orders, and business limitations and shutdowns. Such restrictions 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. Further, many businesses are requiring 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 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.

We are in the process of addressing many challenges facing our business, including the COVID-19 pandemic. 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 current declines in revenue over the past several years. A third set of challenges relates to our continued efforts to reduce costs and increase productivity in light of declining revenues. In addition, we are vulnerable to increased risks associated with our efforts to address these challenges given the markets in which we compete, as well as, the broad range of geographic regions in which we and our customers and partners operate, including the impact of the COVID-19 pandemic to those markets and regions that is expected to continue in future periods. 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.

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. 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 office closures 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.

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, 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 those restrictions put in place as a result of the COVID-19 pandemic, and requirements and 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 globally and changes in tax laws could adversely affect our results. We operate in approximately 160 countries and generate substantial revenues and profits in foreign jurisdictions. 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. Local country, state, provincial or municipal taxation may also be subject to review and potential override by regional, federal, national or similar forms of government. 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 assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes. There can be no assurance that the outcomes from these examinations will not have an adverse effect on the our provision for income taxes and cash tax liability.

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.

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 revenues 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.

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 development of 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. 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 proportion of high-end as opposed to low-end 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 may not achieve some or all of the expected benefits of our restructuring 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 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. 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 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 with third-parties (e.g. 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.

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.

We are subject to breaches of our security systems, cyber-attacks and service interruptions, which could expose us to liability, litigation, and 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 outbreak, 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 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 Fuji Xerox Co., Ltd. and HP Inc. 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 manufacturing methods appropriate for our products, 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 as a result of the COVID-19 pandemic, they may experience labor shortages and/or disruptions, manufacturing costs could be higher than planned and lead to higher prices for our products and the reliability of our products could decline. Further, since certain third parties we have outsourced manufacturing to also are our competitors in the print market, or may be 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 interruptions in supply 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 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 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 is 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 anticipate customers' changing needs and emerging technological trends accurately 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 improvements in the software features of our multifunction devices, increases in the color printer through expansion to metallic, fluorescent, and clear ink and digital packaging, and leveraging a strong base in managed print services with new digital, analytics, 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 invest in innovation including digital packaging, AI workflow assistants for knowledge workers, 3D printing and digital manufacturing, sensors and services for IoT and cleantech. 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 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.

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 customer financing activities 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 our credit rating, which is currently non-investment grade, and is subject to credit market volatility, which has increased as a result of the COVID-19 pandemic. We primarily fund our customer financing activity through a combination of cash generated from operations, cash on hand, capital market offerings, sales and securitizations of finance receivables and commercial paper borrowings. Our ability to continue to offer customer financing and be successful in the placement of equipment with customers is largely dependent on our ability to obtain funding at a reasonable cost. If we are unable to continue to offer customer financing, or find an economic alternative, 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, the majority of which 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.

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, the projected benefit obligations under these benefit plans is measured annually and at December 31, 2019 exceeded the value of the assets of those plans by approximately $1.2 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.

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 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. 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 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 June 30, 2020 and December 31, 2019, 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.

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; 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 the “Contingencies and Litigation” note in the Condensed 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.

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. Xerox is party to, or otherwise involved in, proceedings brought by U.S. or state environmental agencies under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), known as "Superfund," or state laws. Some of our manufacturing operations use, and some of our products contain, substances that are regulated in various jurisdictions. For example, 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. Recently, a number of studies have been published by third parties regarding chemicals utilized in our industry, as well as potential health/safety impacts of machine emissions. Additional studies are planned, and depending on the results of such studies, regulatory initiatives could follow. We are monitoring these developments. If we do not comply with applicable rules and regulations in connection with the use of such substances and the sale of products containing such substances, then we could be subject to liability and could be prohibited from selling our products in their existing forms, which could have a material adverse effect on our results of operations and financial condition. Further, various countries and 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.

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) 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 E.U. authorities. Another example is 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) is undergoing a major overhaul with similar potential for regulatory challenges. 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 or potentially face market access limitations that could have a material adverse effect on our operations and financial condition. Similarly, environmentally driven procurement requirements voluntarily adopted by customers in the marketplace (e.g., U.S. EPA EnergyStar, EPEAT) are constantly evolving and becoming more stringent, presenting further market access challenges if our products fail to comply. 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. Enacted laws and/or regulatory actions to address concerns about climate change and greenhouse gas emissions could negatively impact our business, including the availability of our products or the cost to obtain or sell those products.

The United Kingdom leaving the E.U. could adversely affect us.

In 2016, the U.K. approved an exit from the E.U., commonly referred to as Brexit and the U.K. withdrew from the E.U. on January 31, 2020. The future relationship between the U.K. and the E.U. remains uncertain as the U.K. and the E.U. work through the transition period that provides time for them to negotiate the details of their future relationship. The transition period is currently expected to end on December 31, 2020, and, if no agreement is reached, the default scenario would be a “no-deal” Brexit. In the event of a no-deal Brexit, the U.K. will leave the E.U. with no agreements in place beyond any temporary arrangements that have or may be put in place by the E.U. or individual E.U. Member States, and the U.K. as part of no-deal contingency efforts and those conferred by mutual membership of the World Trade Organization. Given the lack of comparable precedent, it is unclear what financial, trade and legal implications the U.K. leaving the E.U. with no agreements in place would have and how such withdrawal would affect us.

We have operations and customers in the United Kingdom and the E.U. , and as a result, we face risks associated with the potential uncertainty and disruptions that may follow Brexit, including with respect to volatility in exchange rates and interest rates and potential material changes to the regulatory regime applicable to our operations in the United Kingdom as well as potential for disruptions in our supply chain in the United Kingdom. Brexit could adversely affect European or worldwide political, regulatory, economic or market conditions and could contribute to instability in global political institutions, regulatory agencies and financial markets. For example, depending on the terms of Brexit, the United Kingdom could also lose access to the single E.U. market and to the global trade deals negotiated by the E.U. on behalf of its members. Disruptions and uncertainty caused by Brexit may also cause our customers to closely monitor their costs and reduce their spending budget on our products and services. Any of these effects of Brexit, and others we cannot anticipate or that may evolve over time, could adversely affect our business, operating results and financial condition.

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

(a) Sales of Unregistered Securities during the Quarter ended June 30, 2020

During the quarter ended June 30, 2020, 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 May 21, 2020: Xerox Holdings Corporation issued 69,228 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 shares were issued to each of the non-employee Directors of Xerox Holdings Corporation: Jonathan Christodoro, Keith Cozza, Joseph J. Echevarria, Nicholas Graziano, Cheryl Gordon Krongard, and Scott Letier.

(c) The DSUs were issued at a deemed purchase price of $17.335 per DSU (aggregate price $1,200,067), based upon the market value 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 2019 (the 2019 Restatement)).

(d) Exemption from registration under the Act was claimed based upon Section 4(2) as a sale by an issuer not involving a public offering.

Dividend Equivalent:

(a) Securities issued on April 30, 2020: Xerox Holdings Corporation issued 2,339 DSUs, representing the right to receive shares of Common Stock, par value $1 per share, at a future date.

(b) No underwriters participated. The shares were issued to each of the non-employee Directors of Xerox Holdings Corporation and to two former non-employee Directors of Xerox Corporation: Gregory Q. Brown, Jonathan Christodoro, Keith Cozza, Joseph J. Echevarria, Nicholas Graziano, Cheryl Gordon Krongard, Scott Letier and Sara Martinez Tucker.

(c) The DSUs were issued at a deemed purchase price of $17.51 per DSU (aggregate price $40,956), based upon the market value on the date of record, in payment of the dividend equivalents due to DSU holders pursuant to Xerox Holdings Corporation's 2004 Equity Compensation Plan for Non-Employee Directors (as amended and restated in 2019 (the 2019 Restatement)).

(d) Exemption from registration under the Act was claimed based upon Section 4(2) as a sale by an issuer not involving a public offering.

(b) Issuer Purchases of Equity Securities during the Quarter ended June 30, 2020

Repurchases of Xerox Holdings Corporation's Common Stock, par value $1 per share, include the following:

Board Authorized Share Repurchase Program:

There were no repurchases of Xerox Holdings Common Stock pursuant to Board authorized share repurchase programs during the second quarter of 2020 or through the date of this filing, July 30, 2020. Of the $1.0 billion of share repurchase authority previously granted by Xerox Holdings Corporation's Board of Directors, exclusive of fees and expenses, approximately $300 million has been used through June 30, 2020 and the maximum approximate dollar value of shares that may yet be purchased under that authority is $700,027,664. Repurchases may be made on the open market, or through derivative or negotiated contracts. Open-market repurchases will be made in compliance with the Securities and Exchange Commission's Rule 10b-18, and are subject to market conditions, as well as applicable legal and other considerations.

Repurchases Related to Stock Compensation Programs[(1)]:

	Total Number of Shares Purchased	Average Price Paid per Share[(2)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
April 1 through 30	63,972	$ 18.71	n/a	n/a
May 1 through 31	10,159	14.89	n/a	n/a
June 1 through 30	—	—	n/a	n/a
Total	74,131			

(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 costs.

ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 — MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 — OTHER INFORMATION

None.

ITEM 6 — EXHIBITS

10.1	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.
10.2	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; PSU
10.3	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; RSUs (ratable)
10.4	Form of Omnibus Award Agreement under XCHPIP: PIP; ELTIP; 1-year RSUs
10.5	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; 2-year RSUs
10.6	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; 3-year RSUs
10.7	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; Stock Options
31(a)(1)	Certification of Xerox Holdings Corporation CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(a)(2)	Certification of Xerox Corporation CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)(1)	Certification of Xerox Holdings Corporation CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)(2)	Certification of Xerox Corporation CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32(a)	Certification of Xerox Holdings Corporation CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification of Xerox Corporation CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from Xerox Holdings Corporation and Xerox Corporation's combined Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 was formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Xerox Holdings Corporation Condensed Consolidated Statements of Income, (ii) Xerox Holdings Corporation Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) Xerox Holdings Corporation Condensed Consolidated Balance Sheets, (iv) Xerox Holdings Corporation Condensed Consolidated Statements of Cash Flows, (v) Xerox Corporation Condensed Consolidated Statements of Income, (vi) Xerox Corporation Condensed Consolidated Statements of Comprehensive Income (Loss), (vii) Xerox Corporation Condensed Consolidated Balance Sheets, (viii) Xerox Corporation Condensed Consolidated Statements of Cash Flows, and (ix) Notes to the Condensed Consolidated Financial Statements.
104	The cover page from this Quarterly Report on Form 10-Q, (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

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

XEROX HOLDINGS CORPORATION
(Registrant)

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

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

Date: July 30, 2020

XEROX CORPORATION
(Registrant)

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

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

Date: July 30, 2020

EXHIBIT INDEX

10.1	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.
10.2	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; PSU
10.3	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; RSUs (ratable)
10.4	Form of Omnibus Award Agreement under XCHPIP: PIP; ELTIP; 1-year RSUs
10.5	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; 2-year RSUs
10.6	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; 3-year RSUs
10.7	Form of Omnibus Award Agreement under XHCPIP: PIP; ELTIP; Stock Options
31(a)(1)	Certification of Xerox Holdings Corporation CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(a)(2)	Certification of Xerox Corporation CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)(1)	Certification of Xerox Holdings Corporation CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)(2)	Certification of Xerox Corporation CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32(a)	Certification of Xerox Holdings Corporation CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification of Xerox Corporation CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from Xerox Holdings Corporation and Xerox Corporation's combined Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 was formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Xerox Holdings Corporation Condensed Consolidated Statements of Income, (ii) Xerox Holdings Corporation Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) Xerox Holdings Corporation Condensed Consolidated Balance Sheets, (iv) Xerox Holdings Corporation Condensed Consolidated Statements of Cash Flows, (v) Xerox Corporation Condensed Consolidated Statements of Income, (vi) Xerox Corporation Condensed Consolidated Statements of Comprehensive Income (Loss), (vii) Xerox Corporation Condensed Consolidated Balance Sheets, (viii) Xerox Corporation Condensed Consolidated Statements of Cash Flows, and (ix) Notes to the Condensed Consolidated Financial Statements.
104	The cover page from this Quarterly Report on Form 10-Q, (formatted as Inline XBRL and contained in Exhibit 101).

Omnibus Agreement – [insert year]: PIP;ELTIP;PSU

AGREEMENT PURSUANT TO
XEROX HOLDINGS CORPORATION
PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Xerox Holdings Corporation, a New York corporation (the “Company”), dated as of the date that appears in the applicable award summary that provides the value (or number of Performance Share Units, as applicable) and vesting provisions of the applicable award (together, the “Award Summaries”) in favor of the individual whose name appears on the applicable Award Summary, who is an employee of the Company, one of the Company’s subsidiaries or one of its affiliates (the “Employee”).

In accordance with the provisions of the Xerox Holdings Corporation Performance Incentive Plan and any amendments and/or restatements thereto (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”) has authorized the execution and delivery of this Agreement.

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

The Award Summaries contain the details of the awards covered by this Agreement and are incorporated herein in their entirety.

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

AWARDS

1. General. Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Employee on the date indicated on the applicable Award Summary (the “Grant Date”) the number of Performance Share Units (individually, the “PSU”) as shown on the applicable Award Summary. Notwithstanding anything herein to the contrary, only active Employees and those Employees on Short Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (pursuant to the Company’s Human Resources Policies or similar policies of the Company’s subsidiaries or affiliates) on the effective date of the award, as shown on the applicable Award Summary, shall be eligible to receive the awards.

TERMS OF THE PERFORMANCE SHARE UNITS

2. Entitlement to Shares. As soon as practicable on or after the vesting date indicated on the applicable Award Summary, or the date of death if sooner, (the “PSU Vesting Date”) in connection with the PSUs, the Company shall, without transfer or issue tax to the person entitled to receive the shares, deliver to such person a certificate or certificates for a number of shares of Common Stock equal to the number of vested PSUs (subject to reduction for withholding of Employee’s taxes in relation to the award as described in Paragraph 10 below). No fractional shares shall be issued as a result of such tax withholding. Instead, the Company shall apply the equivalent of any fractional share amount to amounts withheld for taxes.

The Committee shall set performance goals and review performance against such goals in connection with determining the payout of PSUs. The award of PSUs covered hereby shall be earned based on achieving one or more performance measures, as shall be determined by the Committee. To the extent the applicable performance measure is achieved at one hundred percent (100%) of **"**target**"** (as determined by the Committee), the PSUs subject to such performance measure will be earned at the target number of shares set forth in the applicable Award Summary. To the extent the applicable performance measure is achieved below **"**threshold**"** (as determined by the Committee), none of the PSUs subject to such performance measure will be earned; to the extent the applicable performance measure is achieved between **"**threshold**"** and **"**target**"**, the PSUs subject to such performance measure will be earned between 50% and 100% of the target number of shares set forth in the applicable Award Summary; and to the extent the applicable performance measure is achieved between **"**target**"** and **"**maximum**"** (as determined by the Committee), the PSUs subject to such performance measure will be earned between 100% and 200% of the target number of shares set forth in the applicable Award Summary, in each case calculated on a linear basis.

Upon the occurrence of an event constituting a Change in Control, all PSUs and dividend equivalents outstanding on such date shall be treated pursuant to the terms set forth in the Plan. If a PSU becomes Nonforfeitable after a Change in Control pursuant to Section 22(b) of the Plan, any performance measure 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. The Employee shall become entitled to receive from the Company on the PSU 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 PSUs (relating exclusively to PSUs earned, based on actual achievement of the applicable performance measures,

not to exceed the applicable target award amount shown on the applicable Award Summary) that are vested and payable on the PSU Vesting Date (under Paragraph 2 of this Agreement) would have been entitled to receive as dividends on such Common Stock during the period commencing on the effective date hereof and ending on the PSU Vesting Date. Payments under this Paragraph shall be net of any required withholding taxes. Notwithstanding anything herein to the contrary, for any Employee who is no longer an employee on the payroll of any subsidiary or affiliate of the Company on the payment date of the dividend equivalents, and such subsidiary or affiliate has determined, with the approval of the Corporate Vice President, Human Resources of the Company, that it is not administratively feasible for such subsidiary or affiliate to pay such dividend equivalents, the Employee will not be entitled to receive such dividend equivalents or other payment in lieu thereof.

OTHER TERMS

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

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 or Death.

(a) Effect on PSUs.

(i) if the Employee voluntarily ceases to be an Employee of the Company or any subsidiary or affiliate (the Company, subsidiary or affiliate, together, the "Employer") for any reason except retirement or the Employee's voluntary termination of employment due to a reduction in workforce, and the PSUs have not vested in accordance with Paragraph 2, the PSUs shall be cancelled on the date of such voluntary termination of employment.

(ii) if the Employee involuntarily ceases to be an Employee of the Employer for any reason (including disability as provided pursuant to Paragraph 8(b) below) other than death or for Cause, or voluntarily ceases to be an Employee of the Employer due to a reduction in workforce, shares will vest on a pro rata basis, calculated as follows, and which vesting may, at the discretion of the Company, be contingent upon Employee executing a general release, and which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company:

The total number of PSUs (if any) that will have been earned and vested under this Paragraph 8(a)(ii) as of actual achievement of the applicable performance measures equals (A) the total number or PSUs awarded under this Agreement, multiplied by (B) the percentage of such PSUs earned based on the actual achievement of the applicable performance measures as determined by the Company, multiplied by (C) a fraction, the numerator of which is the number of full months of actual service performed for the Employer from the Grant Date through the date of termination of employment, and the denominator of which is 36. Vested PSUs (if any) will be paid as soon as practicable after the PSU Vesting Date, subject to Paragraph 8(e).

(iii) If the Employee ceases to be an Employee of the Employer by reason of death, 100% of the PSUs shall vest on the date of death and the certificates for shares shall be delivered in accordance with Paragraph 2 to the personal representatives, heirs or legatees of the deceased Employee.

(iv) If the Employee ceases to be an Employee of the Employer by reason of retirement (i.e., for purposes of this Agreement only, "retirement" for U.S. employees shall mean termination of employment at or above age 55 with 10 years of service or age 60 with 5 years of service with the Employer), shares will vest on a pro rata basis, calculated as follows, and which vesting may, at the discretion of the Company, be contingent upon Employee executing a general release, and which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company:

The total number of PSUs (if any) that will have been earned and vested under this Paragraph 8(a)(iv) as of actual achievement of the applicable performance measures will be determined on a pro-rata basis based on the Employee's actual months of service with the Employer and the actual achievement of the applicable performance measures as determined by the Company, in the same manner as set forth at Paragraph 8(a)(ii). Such vested PSUs will be paid as set forth at Paragraph 8(a)(ii).

(v) If the Employee ceases to be an Employee of the Employer due to termination for Cause, the PSUs shall, subject to any Plan provisions to the contrary, be cancelled on the date of such termination of employment.

(b) Disability. For purposes of vesting under Paragraph 8(a)(ii) of this Agreement, an Employee is deemed involuntarily to cease being an Employee of the Employer when the Employee has received maximum coverage under an Employer-provided short-term disability plan.Cause. "Cause" means (i) 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

(c) Conflict of Interest Agreement (ii) any conduct which qualifies for "immediate discharge" under the Employer's Human Resource Policies as in effect from time to time (iii) 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; (iv) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (v) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(d) Salary Continuance. For purposes of determining the number of PSUs that are vested under this Agreement or the Award Summary, 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.

(e) The 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 issue or purchase of shares hereunder, the certificates for shares may not be issued in respect of PSUs 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, and any delay caused thereby shall in no way affect the date of termination of the PSUs.

10. Responsibility for Taxes. Employee acknowledges that the ultimate responsibility for Employee's Federal, state and municipal individual income taxes, the 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 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 PSUs and the shares of Common Stock subject thereto 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 thereto are not intended to replace any pension rights or compensation;

(h) the PSUs and the shares of Common Stock subject thereto 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 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 the 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 an Employee or former Employee of the Employer 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 such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable. 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.

(b) If an accounting restatement by the Company is required in order to correct any material noncompliance with financial reporting requirements under relevant securities laws, the Company will have the authority to recover from executive officers or former executive officers, whether or not still employed by the Employer, any excess incentive-based compensation (in excess of what would have been paid under the accounting restatement), including entitlement to shares, provided under this Agreement to executive officers of the Employer, that was based on such erroneous data and paid during the three-year period preceding the date on which the Company is required to prepare the accounting restatement. Notwithstanding anything herein to the contrary, the Company may implement any policy or take any action with respect to the recovery of excess incentive-based compensation, including entitlement to shares, that the Company determines to be necessary or advisable in order to comply with the requirements of the Dodd-Frank Wall Street Financial Reform and Consumer Protection Act.

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 the Employee is not in compliance with all of the following conditions:

(a) An Employee shall not render services for any organization or engage directly or indirectly in any business which would cause the Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

(b) An 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 the Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by the Employee either during or after employment with the Employer.

Notwithstanding the above, the Employer does not in any manner restrict the 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 the Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. The 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) An Employee, pursuant to any agreement between the Employer and the Employee which contains post-employment prohibitions, 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 the 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 an Employee or former Employee of the Employer 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 such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such failure to comply may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, 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 the Employee shall be delivered personally or mailed to the 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 on-line 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 for any Employee who 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 the 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 the personal representatives, legatees and heirs of the Employee.

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, 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 PSU 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.

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

XEROX HOLDINGS CORPORATION

By DHMarshall

Douglas H. Marshall
Corporate Secretary

Omnibus Agreement – [insert year]: PIP; ELTIP; RSUs (ratable)

AGREEMENT PURSUANT TO
XEROX HOLDINGS CORPORATION
PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Xerox Holdings Corporation, a New York corporation (the “Company”), dated as of the date that appears in the award summary that provides the value (or number of Restricted Stock Units) and vesting provisions of the award (the “Award Summary”) in favor of the individual whose name appears on the Award Summary, who is an employee of the Company, one of the Company’s subsidiaries or one of its affiliates (the “Employee”).

In accordance with the provisions of the Xerox Holdings Corporation Performance Incentive Plan and any amendments and/or restatements thereto (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”) has authorized the execution and delivery of this Agreement.

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

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

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

AWARDS

1. Award of Restricted Stock Units. Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Employee on the date indicated on the Award Summary (the “Grant Date”) the number of Restricted Stock Units (individually, the “RSU”) as shown on the Award Summary. Notwithstanding anything herein to the contrary, only active Employees and those Employees on Short Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (pursuant to the Company’s Human Resources Policies or similar policies of the Company’s subsidiaries or affiliates) on the effective date of the award as shown on the Award Summary shall be eligible to receive the award.

TERMS OF THE RESTRICTED STOCK UNITS

2. Entitlement to Shares. Upon the vesting dates indicated on the Award Summary, or the date of death if sooner, (each a “Vesting Date”) in connection with the RSUs, the Company shall, without transfer or issue tax to the person entitled to receive the shares, deliver to such person a certificate or certificates for a number of shares of Common Stock equal to the number of vested RSUs (subject to reduction for withholding of Employee’s taxes in relation to the award as described in Paragraph 10 below). No fractional shares shall be issued as a result of such tax withholding. Instead, the Company shall apply the equivalent of any fractional share amount to amounts withheld for taxes.

Upon the occurrence of an event constituting a Change in Control, all RSUs and dividend equivalents on such shares that are outstanding on such date shall be treated pursuant to the terms set forth in the Plan. Upon payment pursuant to the terms of the Plan, such awards shall be cancelled.

3. Dividend Equivalents. The Employee shall become entitled to receive from the Company on 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 are vested and payable on such Vesting Date (under Paragraph 2 of this Agreement) would have been entitled to receive as dividends on such Common Stock during the period commencing on the effective date hereof and ending on such Vesting Date. Payments under this Paragraph shall be net of any required withholding taxes. Notwithstanding anything herein to the contrary, for any Employee who is no longer an employee on the payroll of any subsidiary or affiliate of the Company on the payment date of the dividend equivalents, and such subsidiary or affiliate has determined, with the approval of the Corporate Vice President, Human Resources of the Company, that it is not administratively feasible for such subsidiary or affiliate to pay such dividend equivalents, the Employee will not be entitled to receive such dividend equivalents.

OTHER TERMS

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

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 or Death.

(a) Effect on RSUs:

(i) If the Employee voluntarily ceases to be an Employee of the Company or any subsidiary or affiliate (the Company, subsidiary or affiliate, together, the "Employer") for any reason except retirement or the Employee's voluntary termination of employment due to a reduction in the workforce, and the RSUs have not vested in accordance with Paragraph 2, the RSUs shall be cancelled on the date of such voluntary termination of employment.

(ii) If the Employee involuntarily ceases to be an Employee of the Employer for any reason (including disability as provided pursuant to Paragraph 8(b) below), other than death or for Cause, or voluntarily ceases to be an Employee of the Employer due to a reduction in workforce, shares will vest on a pro-rata basis, which may, at the discretion of the Company, be contingent upon Employee executing a general release, and which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company. The total number of RSUs under this Agreement that will have vested as of termination of employment under this Paragraph 8(a)(ii) equals (I) a percentage equal to the sum of (a + b + c) multiplied by (II) the total number of RSUs awarded under this Agreement where:

a = (m/12) x 25%

b = (m/24) x 25%

c = (m/36) x 50%

and m is the number of actual months of service performed for the Employer as of termination of employment on and after the Grant Date, except that m shall not exceed 12 for purposes of calculating a; m shall not exceed 24 for purposes of calculating b; and m shall not exceed 36 for purposes of calculating c.

Vested RSUs will be paid as follows. Unless already Vested under Paragraph 2 as of such termination of employment, the number of RSUs paid under this Paragraph on the first Vesting Date specified in the Award Summary shall be the number of RSUs under this Agreement multiplied by a; the number paid on the second Vesting Date shall be the number of RSUs under this Agreement multiplied by b, and the number paid on the third Vesting Date shall be the number of RSUs under this Agreement multiplied by c. For purposes of the preceding sentence, a, b and c shall have the meanings set forth above in this Paragraph.

Vested RSUs will be paid as soon as practicable after each applicable RSU Vesting Date, subject to Paragraph 8(e).

(iii) If the Employee ceases to be an Employee of the Employer by reason of death, 100% of the RSUs pursuant to this grant shall vest on the date of death and the certificates for shares shall be delivered in accordance with Paragraph 7 to the personal representatives, heirs or legatees of the deceased Employee.

(iv) If the Employee ceases to be an Employee of the Employer by reason of retirement (which for purposes of this Agreement only, shall mean, for a U.S. employee, 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) RSUs will vest on a pro rata basis, which may, at the discretion of the Company, be contingent upon Employee executing a general release, and which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company. The total number of RSUs that will have vested on such termination of employment will be determined on a pro rata basis based on the Employee's actual months of service with the Employer in the same manner as set forth under Paragraph 8(a)(ii). Such vested RSUs shall be paid according to the schedule set forth under Paragraph 8(a)(ii).

(v) If the Employee ceases to be an Employee of the Employer due to termination for Cause, the RSUs shall, subject to any Plan provision to the contrary, be cancelled on the date of such termination of employment.

(b) Disability. For purposes of vesting under Paragraph 8(a)(ii) of this Agreement, an Employee is deemed involuntarily to cease being an Employee of the Employer when the Employee has received maximum coverage under an Employer-provided short-term disability plan.

(c) Cause. "Cause" means (i) 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 (ii) any conduct which qualifies for "immediate discharge" under the Employer's Human Resource Policies as in effect from time to time (iii) 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; (iv) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (v) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(d) Salary Continuance. For purposes of determining the number of RSUs that are vested under this Agreement or the Award Summary, 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.

(e) The 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 issue or purchase of shares hereunder, the certificates for shares may not be issued in respect of RSUs 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, and any delay caused thereby shall in no way affect the date of termination of the RSUs.

10. Responsibility for Taxes. Employee acknowledges that the ultimate responsibility for Employee's Federal, state and municipal individual income taxes, the 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 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 the 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 an Employee or former Employee of the Employer 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 such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable. 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.

(b) If an accounting restatement by the Company is required in order to correct any material noncompliance with financial reporting requirements under relevant securities laws, the Company will have the authority to recover from executive officers or former executive officers, whether or not still employed by the Employer, any excess incentive-based compensation (in excess of what would have been paid under the accounting restatement), including entitlement to shares, provided under this Agreement to executive officers of the Employer, that was based on such erroneous data and paid during the three-year period preceding the date on which the Company is required to prepare the accounting restatement. Notwithstanding anything herein to the contrary, the Company may implement any policy or take any action with respect to the recovery of excess incentive-based compensation, including entitlement to shares that the Company determines to be necessary or advisable in order to comply with the requirements of the Dodd-Frank Wall Street Financial Reform and Consumer Protection Act.

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 the Employee is not in compliance with all of the following conditions:

(a) An Employee shall not render services for any organization or engage directly or indirectly in any business which would cause the Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

(b) An 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 the Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by the Employee either during or after employment with the Employer.

Notwithstanding the above, the Employer does not in any manner restrict the 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 the Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. The 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) An Employee, pursuant to any agreement between the Employer and the Employee which contains post-employment prohibitions 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 the 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 an Employee or former Employee of the Employer 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 such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such failure to comply may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, 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 the Employee shall be delivered personally or mailed to the 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 on-line 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 for any Employee who 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 the 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 the personal representatives, legatees and heirs of the Employee.

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, 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 RSU 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.

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

XEROX HOLDINGS CORPORATION

By ______________________

Douglas H. Marshall
Corporate Secretary

Omnibus Agreement – [insert year]: PIP;ELTIP;1-year RSUs

AGREEMENT PURSUANT TO
XEROX HOLDINGS CORPORATION
PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Xerox Holdings Corporation, a New York corporation (the “Company”), dated as of the date that appears in the award summary that provides the value (or number of Restricted Stock Units) and vesting provisions of the award (the “Award Summary”) in favor of the individual whose name appears on the Award Summary, who is an employee of the Company, one of the Company’s subsidiaries or one of its affiliates (the “Employee”).

In accordance with the provisions of the Xerox Holdings Corporation Performance Incentive Plan and any amendments and/or restatements thereto (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”) has authorized the execution and delivery of this Agreement.

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

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

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

AWARDS

1. Award of Restricted Stock Units. Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Employee on the date indicated on the Award Summary the number of Restricted Stock Units (individually, the “RSU”) as shown on the Award Summary. Notwithstanding anything herein to the contrary, only active Employees and those Employees on Short Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (pursuant to the Company’s Human Resources Policies or similar policies of the Company’s subsidiaries or affiliates) on the effective date of the award as shown on the Award Summary shall be eligible to receive the award.

TERMS OF THE RESTRICTED STOCK UNITS

2. Entitlement to Shares. Upon the vesting date indicated on the Award Summary, or the date of death if sooner, (the “Vesting Date”) in connection with the RSUs, the Company shall, without transfer or issue tax to the person entitled to receive the shares, deliver to such person a certificate or certificates for a number of shares of Common Stock equal to the number of vested RSUs (subject to reduction for withholding of Employee’s taxes in relation to the award as described in Paragraph 10 below). No fractional shares shall be issued as a result of such tax withholding. Instead, the Company shall apply the equivalent of any fractional share amount to amounts withheld for taxes.

Upon the occurrence of an event constituting a Change in Control, all RSUs and dividend equivalents on such shares that are outstanding on such date shall be treated pursuant to the terms set forth in the Plan. Upon payment pursuant to the terms of the Plan, such awards shall be cancelled.

3. Dividend Equivalents. The Employee shall become entitled to receive from the Company on 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 RSUs that are vested and payable on the Vesting Date (under Paragraph 2 of this Agreement) would have been entitled to receive as dividends on such Common Stock during the period commencing on the effective date hereof and ending on the Vesting Date. Payments under this Paragraph shall be net of any required withholding taxes. Notwithstanding anything herein to the contrary, for any Employee who is no longer an employee on the payroll of any subsidiary or affiliate of the Company on the payment date of the dividend equivalents, and such subsidiary or affiliate has determined, with the approval of the Corporate Vice President, Human Resources of the Company, that it is not administratively feasible for such subsidiary or affiliate to pay such dividend equivalents, the Employee will not be entitled to receive such dividend equivalents.

OTHER TERMS

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

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 or Death.

(a) Effect on RSUs. In the event the Employee:

(i) voluntarily ceases to be an Employee of the Company or any subsidiary or affiliate (the Company, subsidiary or affiliate, together, the "Employer") for any reason, including retirement, and the RSUs have not vested in accordance with Paragraph 2, the RSUs shall be cancelled on the date of such voluntary termination of employment;

(ii) involuntarily ceases to be an Employee of the Employer for any reason (including Disability as provided pursuant to Paragraph 8(b) below or under a disability policy of any subsidiary or affiliate, as applicable), other than death or for Cause, or voluntarily ceases to be an Employee of the Employer due to a reduction in workforce, shares will vest on a pro rata basis, which may, at the discretion of the Company, be contingent upon Employee executing a general release, and which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company. Such shares will vest on a pro-rata basis in accordance with Paragraph 2, based on the Employee's actual months of service and vesting will be calculated as follows: multiply the total award granted (as provided in the applicable award summary) by a fraction, the numerator of which will be the number of full months of employment beginning on the award date, and the denominator of which will be twelve. Payout shall occur as soon as practicable following the Vesting Date;

(iii) ceases to be an Employee of the Employer by reason of death, 100% of the RSUs pursuant to this grant shall vest on the date of death and the certificates for shares shall be delivered in accordance with Paragraph 7 to the personal representatives, heirs or legatees of the deceased Employee; and

(iv) ceases to be an Employee of the Employer due to termination for Cause, the RSUs shall, subject to any Plan provision to the contrary, be cancelled on the date of such termination of employment.

(b) Disability. For purposes of vesting under Paragraph 8(a)(ii) of this Agreement, an Employee is deemed involuntarily to cease being an Employee of the Employer when the Employee has received maximum coverage under an Employer-provided short-term disability plan.

(c) Cause. "Cause" means (i) 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 (ii) any conduct which qualifies for "immediate discharge" under the Employer's Human Resource Policies as in effect from time to time (iii) 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; (iv) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (v) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(d) Salary Continuance. For purposes of determining the number of RSUs that are vested under this Agreement or the Award Summary, 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.

(e) The 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 issue or purchase of shares hereunder, the certificates for shares may not be issued in respect of RSUs 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, and any delay caused thereby shall in no way affect the date of termination of the RSUs.

10. Responsibility for Taxes. Employee acknowledges that the ultimate responsibility for Employee's Federal, state and municipal individual income taxes, the 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 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 the 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 date of award.

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 an Employee or former Employee of the Employer 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 such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable. 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.

(b) If an accounting restatement by the Company is required in order to correct any material noncompliance with financial reporting requirements under relevant securities laws, the Company will have the authority to recover from executive officers or former executive officers, whether or not still employed by the Employer, any excess incentive-based compensation (in excess of what would have been paid under the accounting restatement), including entitlement to shares, provided under this Agreement to executive officers of the Employer, that was based on such erroneous data and paid during the three-year period preceding the date on which the Company is required to prepare the accounting restatement. Notwithstanding anything herein to the contrary, the Company may implement any policy or take any action with respect to the recovery of excess incentive-based compensation, including entitlement to shares that the Company determines to be necessary or advisable in order to comply with the requirements of the Dodd-Frank Wall Street Financial Reform and Consumer Protection Act.

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 the Employee is not in compliance with all of the following conditions:

(a) An Employee shall not render services for any organization or engage directly or indirectly in any business which would cause the Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

(b) An 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 the Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by the Employee either during or after employment with the Employer.

Notwithstanding the above, the Employer does not in any manner restrict the 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 the Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. The 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) An Employee, pursuant to any agreement between the Employer and the Employee which contains post-employment prohibitions 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 the 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 an Employee or former Employee of the Employer 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 such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such failure to comply may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, 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, Connecticut 06851-1056, addressed to the attention of Stock Plan Administrator, and if to the Employee shall be delivered personally or mailed to the 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 on-line 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 for any Employee who fails to comply with the Company's acceptance requirement within six months of the effective date of the award.

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 the 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 the personal representatives, legatees and heirs of the Employee.

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, 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 RSU 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.

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

XEROX HOLDINGS CORPORATION

By ______________________

Douglas H. Marshall
Corporate Secretary

Omnibus Agreement – [insert year]: PIP;ELTIP;2-year RSUs

AGREEMENT PURSUANT TO
XEROX HOLDINGS CORPORATION
PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Xerox Holdings Corporation, a New York corporation (the “Company”), dated as of the date that appears in the award summary that provides the value (or number of Restricted Stock Units) and vesting provisions of the award (the “Award Summary”) in favor of the individual whose name appears on the Award Summary, who is an employee of the Company, one of the Company’s subsidiaries or one of its affiliates (the “Employee”).

In accordance with the provisions of the Xerox Holdings Corporation Performance Incentive Plan and any amendments and/or restatements thereto (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”) has authorized the execution and delivery of this Agreement.

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

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

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

AWARDS

1. Award of Restricted Stock Units. Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Employee on the date indicated on the Award Summary the number of Restricted Stock Units (individually, the “RSU”) as shown on the Award Summary. Notwithstanding anything herein to the contrary, only active Employees and those Employees on Short Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (pursuant to the Company’s Human Resources Policies or similar policies of the Company’s subsidiaries or affiliates) on the effective date of the award as shown on the Award Summary shall be eligible to receive the award.

TERMS OF THE RESTRICTED STOCK UNITS

2. Entitlement to Shares. Upon the vesting date indicated on the Award Summary, or the date of death if sooner, (the “Vesting Date”) in connection with the RSUs, the Company shall, without transfer or issue tax to the person entitled to receive the shares, deliver to such person a certificate or certificates for a number of shares of Common Stock equal to the number of vested RSUs (subject to reduction for withholding of Employee’s taxes in relation to the award as described in Paragraph 10 below). No fractional shares shall be issued as a result of such tax withholding. Instead, the Company shall apply the equivalent of any fractional share amount to amounts withheld for taxes.

Upon the occurrence of an event constituting a Change in Control, all RSUs and dividend equivalents on such shares that are outstanding on such date shall be treated pursuant to the terms set forth in the Plan. Upon payment pursuant to the terms of the Plan, such awards shall be cancelled.

3. Dividend Equivalents. The Employee shall become entitled to receive from the Company on 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 RSUs that are vested and payable on the Vesting Date (under Paragraph 2 of this Agreement) would have been entitled to receive as dividends on such Common Stock during the period commencing on the effective date hereof and ending on the Vesting Date. Payments under this Paragraph shall be net of any required withholding taxes. Notwithstanding anything herein to the contrary, for any Employee who is no longer an employee on the payroll of any subsidiary or affiliate of the Company on the payment date of the dividend equivalents, and such subsidiary or affiliate has determined, with the approval of the Corporate Vice President, Human Resources of the Company, that it is not administratively feasible for such subsidiary or affiliate to pay such dividend equivalents, the Employee will not be entitled to receive such dividend equivalents.

OTHER TERMS

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

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 or Death.

(a) Effect on RSUs. In the event the Employee:

(i) voluntarily ceases to be an Employee of the Company or any subsidiary or affiliate (the Company, subsidiary or affiliate, together, the "Employer") for any reason, including retirement, and the RSUs have not vested in accordance with Paragraph 2, the RSUs shall be cancelled on the date of such voluntary termination of employment;

(ii) involuntarily ceases to be an Employee of the Employer for any reason (including Disability as provided pursuant to Paragraph 8(b) below or under a disability policy of any subsidiary or affiliate, as applicable), other than death or for Cause, or voluntarily ceases to be an Employee of the Employer due to a reduction in workforce, shares will vest on a pro rata basis, which may, at the discretion of the Company, be contingent upon Employee executing a general release, and which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company. Such shares will vest on a pro-rata basis in accordance with Paragraph 2, based on the Employee's actual months of service and vesting will be calculated as follows: multiply the total award granted (as provided in the applicable award summary) by a fraction, the numerator of which will be the number of full months of employment beginning on the award date, and the denominator of which will be twenty-four. Payout shall occur as soon as practicable following the Vesting Date;

(iii) ceases to be an Employee of the Employer by reason of death, 100% of the RSUs pursuant to this grant shall vest on the date of death and the certificates for shares shall be delivered in accordance with Paragraph 7 to the personal representatives, heirs or legatees of the deceased Employee; and

(iv) ceases to be an Employee of the Employer due to termination for Cause, the RSUs shall, subject to any Plan provision to the contrary, be cancelled on the date of such termination of employment.

(b) Disability. For purposes of vesting under Paragraph 8(a)(ii) of this Agreement, an Employee is deemed involuntarily to cease being an Employee of the Employer when the Employee has received maximum coverage under an Employer-provided short-term disability plan.

(c) Cause. "Cause" means (i) 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 (ii) any conduct which qualifies for "immediate discharge" under the Employer's Human Resource Policies as in effect from time to time (iii) 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; (iv) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (v) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(d) Salary Continuance. For purposes of determining the number of RSUs that are vested under this Agreement or the Award Summary, 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.

(e) The 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 issue or purchase of shares hereunder, the certificates for shares may not be issued in respect of RSUs 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, and any delay caused thereby shall in no way affect the date of termination of the RSUs.

10. Responsibility for Taxes. Employee acknowledges that the ultimate responsibility for Employee's Federal, state and municipal individual income taxes, the 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 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 the 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 date of award.

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 an Employee or former Employee of the Employer 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 such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable. 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.

(b) If an accounting restatement by the Company is required in order to correct any material noncompliance with financial reporting requirements under relevant securities laws, the Company will have the authority to recover from executive officers or former executive officers, whether or not still employed by the Employer, any excess incentive-based compensation (in excess of what would have been paid under the accounting restatement), including entitlement to shares, provided under this Agreement to executive officers of the Employer, that was based on such erroneous data and paid during the three-year period preceding the date on which the Company is required to prepare the accounting restatement. Notwithstanding anything herein to the contrary, the Company may implement any policy or take any action with respect to the recovery of excess incentive-based compensation, including entitlement to shares that the Company determines to be necessary or advisable in order to comply with the requirements of the Dodd-Frank Wall Street Financial Reform and Consumer Protection Act.

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 the Employee is not in compliance with all of the following conditions:

(a) An Employee shall not render services for any organization or engage directly or indirectly in any business which would cause the Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

(b) An 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 the Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by the Employee either during or after employment with the Employer.

Notwithstanding the above, the Employer does not in any manner restrict the 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 the Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. The 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) An Employee, pursuant to any agreement between the Employer and the Employee which contains post-employment prohibitions 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 the 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 an Employee or former Employee of the Employer 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 such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such failure to comply may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, 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, Connecticut 06851-1056, addressed to the attention of Stock Plan Administrator, and if to the Employee shall be delivered personally or mailed to the 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 on-line 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 for any Employee who fails to comply with the Company's acceptance requirement within six months of the effective date of the award.

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 the 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 the personal representatives, legatees and heirs of the Employee.

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, 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 RSU 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.

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

XEROX HOLDINGS CORPORATION

By ______________________

Douglas H. Marshall
Corporate Secretary

Omnibus Agreement – [insert year]: PIP;ELTIP;3-year RSUs

AGREEMENT PURSUANT TO
XEROX HOLDINGS CORPORATION
PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Xerox Holdings Corporation, a New York corporation (the "Company"), dated as of the date that appears in the award summary that provides the value (or number of Restricted Stock Units) and vesting provisions of the award (the "Award Summary") in favor of the individual whose name appears on the Award Summary, who is an employee of the Company, one of the Company's subsidiaries or one of its affiliates (the "Employee").

In accordance with the provisions of the Xerox Holdings Corporation Performance Incentive Plan and any amendments and/or restatements thereto (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") has authorized the execution and delivery of this Agreement.

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

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

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

AWARDS

1. Award of Restricted Stock Units. Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Employee on the date indicated on the Award Summary the number of Restricted Stock Units (individually, the "RSU") as shown on the Award Summary. Notwithstanding anything herein to the contrary, only active Employees and those Employees on Short Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (pursuant to the Company's Human Resources Policies or similar policies of the Company's subsidiaries or affiliates) on the effective date of the award as shown on the Award Summary shall be eligible to receive the award.

TERMS OF THE RESTRICTED STOCK UNITS

2. Entitlement to Shares. Upon the vesting date indicated on the Award Summary, or the date of death if sooner, (the "Vesting Date") in connection with the RSUs, the Company shall, without transfer or issue tax to the person entitled to receive the shares, deliver to such person a certificate or certificates for a number of shares of Common Stock equal to the number of vested RSUs (subject to reduction for withholding of Employee's taxes in relation to the award as described in Paragraph 10 below). No fractional shares shall be issued as a result of such tax withholding. Instead, the Company shall apply the equivalent of any fractional share amount to amounts withheld for taxes.

Upon the occurrence of an event constituting a Change in Control, all RSUs and dividend equivalents on such shares that are outstanding on such date shall be treated pursuant to the terms set forth in the Plan. Upon payment pursuant to the terms of the Plan, such awards shall be cancelled.

3. Dividend Equivalents. The Employee shall become entitled to receive from the Company on 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 RSUs that are vested and payable on the Vesting Date (under Paragraph 2 of this Agreement) would have been entitled to receive as dividends on such Common Stock during the period commencing on the effective date hereof and ending on the Vesting Date. Payments under this Paragraph shall be net of any required withholding taxes. Notwithstanding anything herein to the contrary, for any Employee who is no longer an employee on the payroll of any subsidiary or affiliate of the Company on the payment date of the dividend equivalents, and such subsidiary or affiliate has determined, with the approval of the Corporate Vice President, Human Resources of the Company, that it is not administratively feasible for such subsidiary or affiliate to pay such dividend equivalents, the Employee will not be entitled to receive such dividend equivalents.

OTHER TERMS

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

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 or Death.

(a) Effect on RSUs. In the event the Employee:

(i) voluntarily ceases to be an Employee of the Company or any subsidiary or affiliate (the Company, subsidiary or affiliate, together, the "Employer") for any reason, including retirement, and the RSUs have not vested in accordance with Paragraph 2, the RSUs shall be cancelled on the date of such voluntary termination of employment;

(ii) involuntarily ceases to be an Employee of the Employer for any reason (including Disability as provided pursuant to Paragraph 8(b) below or under a disability policy of any subsidiary or affiliate, as applicable), other than death or for Cause, or voluntarily ceases to be an Employee of the Employer due to a reduction in workforce, shares will vest on a pro rata basis, which may, at the discretion of the Company, be contingent upon Employee executing a general release, and which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company. Such shares will vest on a pro-rata basis in accordance with Paragraph 2, based on the Employee's actual months of service and vesting will be calculated as follows: multiply the total award granted (as provided in the applicable award summary) by a fraction, the numerator of which will be the number of full months of employment beginning on the award date, and the denominator of which will be thirty-six. Payout shall occur as soon as practicable following the Vesting Date;

(iii) ceases to be an Employee of the Employer by reason of death, 100% of the RSUs pursuant to this grant shall vest on the date of death and the certificates for shares shall be delivered in accordance with Paragraph 7 to the personal representatives, heirs or legatees of the deceased Employee; and

(iv) ceases to be an Employee of the Employer due to termination for Cause, the RSUs shall, subject to any Plan provision to the contrary, be cancelled on the date of such termination of employment.

(b) Disability. For purposes of vesting under Paragraph 8(a)(ii) of this Agreement, an Employee is deemed involuntarily to cease being an Employee of the Employer when the Employee has received maximum coverage under an Employer-provided short-term disability plan.

(c) Cause. "Cause" means (i) 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 (ii) any conduct which qualifies for "immediate discharge" under the Employer's Human Resource Policies as in effect from time to time (iii) 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; (iv) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (v) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(d) Salary Continuance. For purposes of determining the number of RSUs that are vested under this Agreement or the Award Summary, 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.

(e) The 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 issue or purchase of shares hereunder, the certificates for shares may not be issued in respect of RSUs 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, and any delay caused thereby shall in no way affect the date of termination of the RSUs.

10. Responsibility for Taxes. Employee acknowledges that the ultimate responsibility for Employee’s Federal, state and municipal individual income taxes, the 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 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 the 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 date of award.

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 an Employee or former Employee of the Employer 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 such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such detrimental activity may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable. 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.

(b) If an accounting restatement by the Company is required in order to correct any material noncompliance with financial reporting requirements under relevant securities laws, the Company will have the authority to recover from executive officers or former executive officers, whether or not still employed by the Employer, any excess incentive-based compensation (in excess of what would have been paid under the accounting restatement), including entitlement to shares, provided under this Agreement to executive officers of the Employer, that was based on such erroneous data and paid during the three-year period preceding the date on which the Company is required to prepare the accounting restatement. Notwithstanding anything herein to the contrary, the Company may implement any policy or take any action with respect to the recovery of excess incentive-based compensation, including entitlement to shares that the Company determines to be necessary or advisable in order to comply with the requirements of the Dodd-Frank Wall Street Financial Reform and Consumer Protection Act.

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 the Employee is not in compliance with all of the following conditions:

(a) An Employee shall not render services for any organization or engage directly or indirectly in any business which would cause the Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

(b) An 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 the Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by the Employee either during or after employment with the Employer.

Notwithstanding the above, the Employer does not in any manner restrict the 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 the Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. The 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) An Employee, pursuant to any agreement between the Employer and the Employee which contains post-employment prohibitions 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 the 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 an Employee or former Employee of the Employer 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 such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such failure to comply may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, 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, Connecticut 06851-1056, addressed to the attention of Stock Plan Administrator, and if to the Employee shall be delivered personally or mailed to the 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 on-line 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 for any Employee who fails to comply with the Company's acceptance requirement within six months of the effective date of the award.

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 the 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 the personal representatives, legatees and heirs of the Employee.

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, 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 RSU 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.

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

XEROX HOLDINGS CORPORATION

By ______________________

Douglas H. Marshall
Corporate Secretary

Omnibus Agreement – [insert year]: PIP;ELTIP;Stock Options

AGREEMENT PURSUANT TO
XEROX HOLDINGS CORPORATION
PERFORMANCE INCENTIVE PLAN

AGREEMENT, by Xerox Holdings Corporation, a New York corporation (the "Company"), dated as of the date that appears in the award summary that provides the number of options to purchase shares of common stock of the Company and vesting provisions of the award (the "Award Summary") in favor of the individual whose name appears on the Award Summary, who is an employee of the Company, one of the Company's subsidiaries or one of its affiliates (the "Employee").

In accordance with the provisions of the Xerox Holdings Corporation Performance Incentive Plan and any amendments and/or restatements thereto (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") has authorized the execution and delivery of this Agreement.

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

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

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

AWARDS

1. Award of Stock Options. Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Employee on the date of agreement and award set forth on the Award Summary (the "Grant Date") options to purchase shares of Common Stock (as defined in the Plan) of the Company, equal to the number of options set forth in the Award Summary (the "Options"), at a price per share equal to the exercise price set forth in the Award Summary (the "Exercise Price"). Each Option entitles the Employee to purchase, on exercise, one share of the Company's Common Stock subject to the conditions of the Plan and this Agreement. The Exercise Price and the number of Options awarded pursuant to this Agreement may be adjusted to the extent provided by the terms of the Plan and such adjusted Exercise Price and number of Option awarded shall be substituted for such terms as set forth in the Award Summary for all purposes of the Plan and this Agreement unless otherwise determined by the Company. Any such adjustment, however, is void and without effect if it would constitute a "modification" as defined in regulations or valid guidance under Section 409A of the Code. No Option pursuant to this Agreement is intended to qualify as an incentive stock option under Section 422 of the Code. No right or feature of any Option under this Agreement is intended to create a deferral of compensation as defined in regulations or valid guidance under Section 409A of the Code, and any such right or feature is void and without effect. Notwithstanding anything herein to the contrary, only active Employees and those Employees on Short Term Disability Leave, Social Service Leave, Family Medical Leave or Paid Uniform Services Leave (pursuant to the Company's Human Resources Policies or similar policies of the Company's subsidiaries or affiliates) on the Grant Date shall be eligible to receive the award. If an award is made to an individual that causes the stock subject to the award to fail to be service recipient stock, as defined by regulations and valid guidance under Section 409A of the Code, such award is cancelled as of the date of such failure.

TERMS OF THE OPTIONS

2. Vesting. The employee's right to exercise Options vests on the vesting dates and according to the conditions set forth in the Award Summary or on any earlier vesting date set forth in this Agreement. No Option may be exercised before the vesting date.

3. Expiration. The Options shall expire on the 10th anniversary of the Grant Date (the "Expiration Date") except as otherwise provided herein. Upon a termination of employment, the Options shall expire on the date provided in the Agreement, but not later than the Expiration Date. No Option may be exercised as of or after the date it expires or is cancelled. The Company may at its discretion amend the Agreement to provide an Expiration Date later than the Expiration Date set forth herein, or amend the date on which the Options will expire as set forth in the Agreement or the Award Summary, except that any amendment of the Agreement or Award Summary is void and without effect if it would constitute an "extension" as defined in regulations or valid guidance under Section 409A of the Code.

(a) Voluntary termination of employment except retirement and voluntary reduction in force. If the Employee voluntarily ceases to be an Employee of the Company or any subsidiary or affiliate (together, the "Employer") for any reason except retirement or the Employee's voluntary termination of employment due to a reduction in the workforce, the total number of Options that will have vested under this Agreement as of termination of employment equals the applicable percentage set forth in the Award Summary multiplied by the number of Options awarded under this Agreement. Non-vested Options will expire on the date of termination of employment. Vested Options will expire on the earlier of the Expiration Date or the date that is three months after the date of termination of employment.

(b) Retirement. If the Employee ceases to be an Employee of the Employer by reason of retirement (which for purposes of this Agreement only, shall mean, for a U.S. employee, 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) Options will become nonforfeitable on a pro rata basis as set forth in this Paragraph 3(b), which may, at the discretion of the Company, be contingent upon the Employee executing a general release, and which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company.

The total number of Options under this Agreement that will have become nonforfeitable as of termination of employment on a pro rata basis pursuant to this Paragraph 3(b) equals (i) a percentage equal to the sum of (a + b + c) multiplied by (ii) the total number of Options awarded under this Agreement where:

a = (m/12) x 25%

b = (m/24) x 25%

c = (m/36) x 50%

and m is the number of actual months of service performed for the Employer as of termination of employment on and after the Grant Date, except that m shall not exceed 12 for purposes of calculating a; m shall not exceed 24 for purposes of calculating b; and m shall not exceed 36 for purposes of calculating c.

Options other than nonforfeitable Options will expire on the date of termination of employment. To the extent nonforfeitable under this Paragraph 3(b), Options will vest on the vesting date set forth in the Award Summary. Options that vest on or before termination of employment will expire on the earlier of the Expiration Date or the date that is three months after termination of employment. Options that become nonforfeitable under this Paragraph 3(b) and vest after termination of employment will expire on the earlier of the Expiration date or the date that is three months after the applicable vesting date.

(c) Involuntary terminations without Cause and voluntary reductions in force. If the Employee involuntarily ceases to be an Employee of the Employer for any reason (including disability as provided pursuant to Paragraph 3(g) below) other than death or for Cause, or voluntarily ceases to be an Employee of the Employer due to a reduction in workforce, Options will become nonforfeitable on a pro-rata basis, which may, at the discretion of the Company, be contingent upon the Employee executing a general release, and which may include an agreement with respect to engagement in detrimental activity, in a form acceptable to the Company. Such Options will become nonforfeitable on a pro-rata basis based on the Employee's actual months of service with the Employer in the same manner as set forth at Paragraph 3(b).

Options other than nonforfeitable Options will expire on the date of termination of employment. To the extent nonforfeitable under this Paragraph 3(c), Options will vest on the vesting date set forth in the Award Summary. Options that vest on or before termination of employment will expire on the earlier of the Expiration Date or the date that is three months after termination of employment. Options that become nonforfeitable under this Paragraph 3(c) and vest after termination of employment will expire on the earlier of the Expiration date or the date that is three months after the applicable vesting date.

(d) Death. If the Employee ceases to be an Employee of the Employer by reason of death, 100% of the Options pursuant to this grant will vest on the date of death. Vested Options will expire on the earlier of the Expiration Date or the date that is one year after the date of death.

(e) Termination for Cause. If an Employee ceases to be an Employee of the Employer due to termination for Cause as defined in this Agreement, all Options, including vested Options, will expire on the date of termination of employment.

(f) Change in Control. If the employee ceases to be an Employee of the Employer due to Termination for Good Reason, as defined by the Plan, or an involuntary termination of employment either of which such termination occurs after a Change in Control, as defined in the Plan, (other than a termination for Cause, as defined in this Agreement, according to a determination made before the Change in Control) the Options will be 100% vested on the date of such termination of employment. Vested Options will expire on the Expiration Date.

(g) Disability. For purposes of vesting under Paragraph 3(c) of this Agreement, an Employee is deemed involuntarily to cease being an Employee of the Employer when the Employee has received maximum coverage under an Employer-provided short-term disability plan.

(h) Cause. "Cause" means (i) 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; (ii) any conduct which qualifies for "immediate discharge" under the Employer's Human Resource Policies as in effect from time to time; (iii) 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; (iv) conviction of, or entering a guilty plea with respect to, a crime whether or not connected with the Employer; or (v) any other conduct determined to be injurious, detrimental or prejudicial to any interest of the Employer.

(i) Recoupment rights. Nothing in this Agreement shall limit the Company's right of recoupment of Options or any shares of Common Stock purchased by exercise of the Option, under the Plan or this Agreement as in effect on the Grant Date or any later date, including recoupment of payments pursuant to the Company's compensation recovery, "clawback" or similar policy, as may be in effect from time to time, including any policy implemented after the Grant Date.

(j) Salary continuance. For purposes of determining the number of Options that are nonforfeitable and the date the Options expire under this Agreement or the Award Summary, 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.

4. Method of Exercise.

(a) Notice. The Participant may exercise part or all of vested Options under this Agreement by giving the Company or its delegate written notice of intent to exercise, specifying the number of shares of Company Stock as to which the Options are to be exercised and such other information as the Company or its delegate may require.

(b) Payment. At such time as the Company shall determine, the Participant shall pay the Exercise Price (i) by personal check, cashier's check or money order, (ii) unless the Company determines otherwise, by delivering shares of Company Common Stock owned by the Participant, (iii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (iv) by surrendering shares of Company Common Stock subject to the exercisable Option for an appreciation distribution payable in shares with a Fair Market Value on the date of exercise equal to the dollar amount by which the then Fair Market Value of the Shares subject to the surrendered portion exceeds the aggregate Exercise Price payable for the Shares ("net exercise"), or (v) by such other method as the Company may approve, to the extent permitted by applicable law. The Company may impose from time to time such limitations as it deems appropriate on the use of shares of Company stock to exercise the Option.

(c) Company rights. The obligation of the Company to deliver shares upon exercise of the Option shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriate by the Committee, including such actions as Company counsel shall deem necessary or appropriate to comply with relevant securities laws and regulations.

(d) Taxes. All obligations of the Company under this Agreement shall be subject to the rights of the Employer as set forth in the Plan to withhold shares or other amounts required to be withheld for any taxes. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the Option. The Participant may elect to satisfy any tax withholding obligation of the Employer with respect to the Option by having Shares withheld to satisfy the applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities. Unless the Company determines otherwise, share withholding for taxes shall not exceed the Participant's minimum applicable tax withholding amount. By accepting this Award, the Employee expressly consents to the Company's and/or Employer's rights to take all such actions permitted by the Plan as may be necessary or appropriate to satisfy any such withholding obligations with respect to the Options pursuant any foreign, federal, state or local taxes.

(e) Restrictions on Exercise. Except as the Committee may otherwise permit pursuant to the Plan, only the Employee may exercise the Option during the Employee lifetime and, after the Employee's death, the Option shall be exercisable (subject to the limitations specified in the Plan) solely by the legal representatives of the Participant, or by the person who acquires the right to exercise the Option by will or by the laws of descent and distribution, to the extent that the Option is exercisable pursuant to this Agreement. An Option shall not be exercisable unless the holder provides to the satisfaction of the Committee that the holder is entitled to exercise the Option.

(f) Termination of Option. Upon exercise, the Option will terminate and cease to be outstanding.

OTHER TERMS

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

6. Non-Assignability. An Option shall not be assignable or transferable by Employee except by will or by the laws of descent and distribution.

7. 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 Options or the issue or purchase of shares hereunder, the certificates for shares may not be issued in respect of Option 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, and any delay caused thereby shall in no way affect the expiration date of the Options.

8. Responsibility for Taxes. Employee acknowledges that the ultimate responsibility for Employee's Federal, state and municipal individual income taxes, the 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.

9. 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 provisions of the Plan regarding Plan amendment and termination and, in addition, the Options are subject to modification and adjustment pursuant to the terms of the Plan, the award of the Options is voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted repeatedly in the past;

(b) all decisions with respect to future Options awards, if any, will be at the sole discretion of the Committee or its authorized delegate, as applicable;

(c) 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 Options award and Employee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

(d) Employee is voluntarily participating in the Plan;

(e) the Options and the shares of Common Stock subject to the Options 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;

(f) the Options and the shares of Common Stock subject to the Options are not intended to replace any pension rights or compensation;

(g) the Options and the shares of Common Stock subject to the Options 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;

(h) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

(i) in consideration of the award of the Options, no claim or entitlement to compensation or damages shall arise from forfeiture of the Options, 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

(j) subject to the provisions in the Plan regarding Change in Control, Options 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.

10. No Advice Regarding Award. Neither the Company nor the Employer is providing any tax, legal or financial advice, nor is the Company or 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.

11. Amendment of This Agreement. With the consent of the Employee, the Committee or its authorized delegate, as applicable, may amend this Agreement in a manner not inconsistent with the Plan.

12. 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 date of award.

13. 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.

14. Recoupments.

(a) If an Employee or former Employee of the Employer is reasonably deemed by the Committee or its authorized delegate, as applicable, to have engaged in detrimental activity against the Employer, any awards granted to such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of shares of Common Stock or other award from six-months prior to such detrimental activity may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable. 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.

(b) If an accounting restatement by the Company is required in order to correct any material noncompliance with financial reporting requirements under relevant securities laws, the Company will have the authority to recover from executive officers or former executive officers, whether or not still employed by the Employer, any excess incentive-based compensation (in excess of what would have been paid under the accounting restatement), including entitlement to shares, provided under this Agreement to executive officers of the Employer, that was based on such erroneous data and paid during the three-year period preceding the date on which the Company is required to prepare the accounting restatement. Notwithstanding anything herein to the contrary, the Company may implement any policy or take any action with respect to the recovery of excess incentive-based compensation, including entitlement to shares that the Company determines to be necessary or advisable in order to comply with the requirements of the Dodd-Frank Wall Street Financial Reform and Consumer Protection Act.

15. 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, and rescind and recoup any exercise, award or transfer of shares of Common Stock pursuant to this award, if the Employee is not in compliance with all of the following conditions:

(a) An Employee shall not render services for any organization or engage directly or indirectly in any business which would cause the Employee to breach any of the post-employment prohibitions contained in any agreement between the Employer and the Employee.

(b) An 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 the Employee which contains post-employment prohibitions, relating to the business of the Employer acquired by the Employee either during or after employment with the Employer.

Notwithstanding the above, the Employer does not in any manner restrict the 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 the Employee from participating in any proceeding or investigation by a federal, state or local government agency or entity responsible for enforcing such laws. The 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) An Employee, pursuant to any agreement between the Employer and the Employee which contains post-employment prohibitions 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 the 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 an Employee or former Employee of the Employer 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 15, any awards granted to such Employee or former Employee shall be cancelled and be of no further force or effect and any payment or delivery of an award from six months prior to such failure to comply may be rescinded. In the event of any such rescission, the Employee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required by the Committee or its authorized delegate, as applicable.

16. 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 the Employee shall be delivered personally or mailed to the Employee at his address as the same appears on the records of the Company.

17. 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.

18. 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 on-line 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 for any Employee who fails to comply with the Company's acceptance requirement within six months of the effective date of the award.

19. 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 the Employee. In the event there is inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

20. 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 4 to the personal representatives, legatees and heirs of the Employee.

21. 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, 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.

22. Severability. 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.

23. 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.

24. Appendix for Non-U.S. Countries. Notwithstanding any provisions in this Agreement, the Option 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.

25. 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 Options 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.

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

XEROX HOLDINGS CORPORATION

By ______________________

Douglas H. Marshall
Corporate Secretary

CEO CERTIFICATIONS

I, Giovanni Visentin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 30, 2020

/S/ GIOVANNI VISENTIN

Giovanni Visentin
Principal Executive Officer

CEO CERTIFICATIONS

I, Giovanni Visentin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 30, 2020

/S/ GIOVANNI VISENTIN

Giovanni Visentin
Principal Executive Officer

CFO CERTIFICATIONS

I, William F. Osbourn, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

July 30, 2020

/S/ WILLIAM F. OSBOURN, JR.

William F. Osbourn, Jr.
Principal Financial Officer

CFO CERTIFICATIONS

I, William F. Osbourn, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 30, 2020

/S/ WILLIAM F. OSBOURN, JR.

William F. Osbourn, Jr.
Principal Financial Officer

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q of Xerox Holdings Corporation, a New York corporation (the “Company”), for the quarter ended June 30, 2020, 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 William F. Osbourn, Jr., 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
July 30, 2020

/S/ WILLIAM F. OSBOURN, JR.

William F. Osbourn, Jr.
Chief Financial Officer
July 30, 2020

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Xerox Holdings Corporation and will be retained by Xerox Holdings Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Form 10-Q of Xerox Corporation, a New York corporation (the “Company”), for the quarter ended June 30, 2020, 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 William F. Osbourn, Jr., 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
July 30, 2020

/S/ WILLIAM F. OSBOURN, JR.

William F. Osbourn, Jr.
Chief Financial Officer
July 30, 2020

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.