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

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-37817

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Xerox Business Services Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

CONDUENT INCORPORATED
100 Campus Drive, Suite 200E
Florham Park, NJ 07932

REQUIRED INFORMATION

The Xerox Business Services Savings Plan is subject to the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). Therefore, in lieu of the requirement so f Items 1-3 of Form 11-K, the financial statements and schedules of the Xerox Business Services Savings Plan at December 31, 2016 and 2015 and for the year ended December 31, 2016, which have been prepared in accordance with the financial reporting requirements of ERISA, are filed herewith as Exhibit 99-1 and incorporated herein by reference.

EXHIBITS

Exhibit
Number

Description

99-1	Financial Statements and Schedule of the Plan at December 31, 2016 and 2015 and for the year ended December 31, 2016
99-2	Consent of Independent Registered Public Accounting Firm

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Xerox Business Services Savings Plan

/s/ Robert Daugherty

Name: Robert Daugherty

Title: Chairman, Benefits Administrative Committee

Date: June 28, 2017

Xerox Business Services Savings Plan

*Financial statements and report of
Independent registered public accounting firm*

As of December 31, 2016 and 2015
and for the Year Ended December 31, 2016

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Xerox Business Services Savings Plan

We have audited the accompanying statements of net assets available for plan benefits of Xerox Business Services Savings Plan (“the Plan”) as of December 31, 2016 and 2015, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2016. The Plan’s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets available for plan benefits for the year ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Schedule H, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2016, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan’s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the Plan’s basic financial statements taken as a whole.

/s/ Chapman, Hext & Co., P.C.
Dallas, Texas
June 28, 2017

XEROX BUSINESS SERVICES SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Investments		
Participant directed investments at fair value	\$777,943,400	\$748,086,770
Participant directed investment at contract value	89,106,330	92,591,855
	<u>867,049,730</u>	<u>840,678,625</u>
Receivables		
Employer	5,253,105	6,063,595
Notes receivable from participants	21,392,738	20,492,096
Other	38,394	104,727
Total receivables	<u>26,684,237</u>	<u>26,660,418</u>
Total assets	<u>893,733,967</u>	<u>867,339,043</u>
LIABILITIES		
Operating payables	<u>75,620</u>	<u>469,423</u>
Total liabilities	<u>75,620</u>	<u>469,423</u>
Net assets available for benefits	<u>\$893,658,347</u>	<u>\$866,869,620</u>

The accompanying notes are an integral part of these financial statements.

XEROX BUSINESS SERVICES SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2016

ADDITIONS TO NET ASSETS ATTRIBUTED TO:	
Investment income:	
Net appreciation in fair value of investments	69,775,606
Interest and dividends	1,157,595
	70,933,201
Less investment expenses	102,630
	70,830,571
Interest income from notes receivable from participants	873,900
Contributions	
Employer	23,381,790
Participants	59,545,901
Participant rollovers	3,720,568
Total contributions	86,648,259
Net transfer in due to mergers	2,015,950
Total additions	160,368,680
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Benefits paid to participants	132,398,612
Administrative expenses	1,181,341
Total deductions	133,579,953
Net increase in net assets	26,788,727
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of the year	866,869,620
End of the year	\$893,658,347

The accompanying notes are an integral part of these financial statements.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A – PLAN DESCRIPTION

The following description of the Xerox Business Services Savings Plan (the “Plan”) provides only general information. Xerox Business Services, LLC (the “Company” or “XBS”) is the sponsor and administrator of the Plan. On January 1, 2017, the Company separated from Xerox Corporation and became an independent company named Conduent Incorporated. Mellon Bank N.A. is the Plan Trustee. Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

General

The Company maintains the Plan for the benefit of its eligible employees and eligible employees of subsidiaries, divisions and affiliated companies that have adopted the Plan. The Plan is a defined contribution plan. The Plan as amended and restated was established January 1, 1989, upon conversion of an existing employee contribution savings plan. The Plan is subject to the provisions of ERISA.

401(k) provisions

Contributions are by salary reduction and are at the employee’s discretion within limits imposed by the 401(k) provisions of the Plan and the applicable Internal Revenue Code sections. The participant accounts are “participant directed accounts.”

Plan amendments

The Plan was amended during the years ended December 31, 2016 and 2015.

A summary of the 2016 plan amendments are as follows:

On August 21, 2015, the Company acquired RSA Medical LLC, (“RSA”). Effective January 1, 2016, the employees of RSA became employees of XBS and became eligible to participate in the Plan.

Effective March 1, 2016, the RSA Medical LLC 401(k) Plan and Trust (“RSA Plan”) was merged into the Plan.

The affected former employees of RSA years of vesting service shall include their service with RSA prior to January 1, 2016. The vesting schedule shall be in accordance with the Plan’s vesting schedule as disclosed later in this footnote. The affected employee’s outstanding loans transferred to the Plan shall be subject to the loan provisions of the former RSA Plan. The beneficiaries of affected former deceased employees of RSA receiving installment death benefits will continue to receive such installment payments from the Plan.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A – PLAN DESCRIPTION

On September 8, 2016, the Plan was amended to provide that participants in the Plan who transfer to Xerox Corporation in connection with the separation of the Company from Xerox Corporation shall be entitled to a matching contribution regardless of whether they are employed by the Company on the last day of the calendar quarter in which the separation occurs (but no later than 180 days after the separation).

On December 21, 2016, the Plan was amended effective January 1, 2017 to change the name of the Plan to Conduent Savings Plan. The amendment also defines the employer as Conduent Incorporated, or any successor by merger, purchase or otherwise. The Executive Committee is defined as the Chief Financial Officer and the Chief People Officer of Conduent Incorporated. The Board of Directors is defined as the board of directors of Conduent Incorporated.

The amendment also provides that participants in the Plan who transfer to the Company in connection with the separation of the Company from Xerox Corporation shall be entitled to a matching contribution on the date the participant becomes an employee of the Company. Additionally, participants who transfer from the Company to Xerox Corporation in connection with (but no later than 180 days after) the separation will be fully vested in their employer matching account and discretionary account in the Plan on the date immediately preceding the date of transfer.

A summary of the 2015 plan amendments are as follows:

On September 24, 2014, the Company acquired 100% of the issued and outstanding shares of capital stock of Consilience Software, Inc. (“Consilience”). Effective January 1, 2015, the employees of Consilience became employees of XBS and became eligible to participate in the Plan.

Effective July 15, 2015, the Consilience Software Inc. 401(k) Profit Sharing Plan and Trust was merged into the Plan.

The affected former employees of Consilience years of vesting service shall include their service with Consilience prior to January 1, 2015. The vesting schedule shall be in accordance with the Plan’s vesting schedule as disclosed later in this footnote. Any employer matching contributions including non-elective profit sharing contributions transferred to the Plan from the Consilience plan on behalf of an affected employee shall be 100% vested.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A – PLAN DESCRIPTION

On December 18, 2014, the Company sold certain portions of its IT business to Atos, SE (“Atos”). Effective July 1, 2015, certain employees of XBS became employees of Atos and ceased to be eligible to actively participate in the Plan. The affected employees with outstanding loans in the Plan as of the effective date were transferred to the Atos Plan in a trust-to-trust transfer. Affected employees without outstanding loans in the Plan became fully vested in their accounts as of July 1, 2015. The affected employees may take distributions from the Plan in accordance with the applicable terms of the Plan. Participants whose account balances are \$1,000 or above may defer payments until age 70 1/2.

On November 19, 2014, the Company acquired Intellinex LLC, Intellect Acquisition Corp., Intrepid Learning Solutions, Inc., Intrepid Learning, Inc. and The Shareholders’ Representative (“Intrepid”). Effective March 14, 2015, the employees of Intrepid became employees of XBS and became eligible to participate in the Plan.

Effective July 1, 2015, the Intrepid Learning Solutions, Inc. 401(k) Plan was merged into the Plan.

The affected former employees of Intrepid years of vesting service shall include their service with Intrepid prior to March 14, 2015. Any employer contributions that are 25% vested under the Intrepid Plan on June 1, 2015 shall continue to be 25% vested in the Plan until the affected former employee of Intrepid has completed two Years of Vesting Service under the Plan; thereafter, such employer contributions shall be in accordance with the Plan’s vesting schedule as disclosed later in this footnote.

The Company amended the Plan effective September 2, 2015, to discontinue discretionary contributions to former employees of the State of Indiana, pursuant to the Indiana Family and Social Service Administration Amendment Number Fourteen to the Contract with ACS Human Services, LLC executed effective August 20, 2015.

Salary deferral

The Plan is a defined contribution plan wherein participants elect to reduce their compensation and have such reductions contributed to the Plan on their behalf. Generally, the Plan covers all eligible employees of the Company who elect to participate except those who are leased; or are independent contractors or consultants; or are nonresident aliens not receiving United States source income.

Employees are eligible to contribute on their date of hire or as soon as administratively feasible. Participating employees are eligible for discretionary matching contributions immediately following completion of a one-year period of service.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A – PLAN DESCRIPTION

Employees can elect to contribute to the Plan in a multiple of 1% and the maximum percentage is 75% of eligible compensation on a pre-tax basis, after-tax basis or a combination of both. The maximum contributions allowed by the Internal Revenue Service were \$18,000 for the years 2016 and 2015. If a participant made both pre-tax and Roth contributions for the applicable calendar year, excess contributions shall be attributed first to the participant's pre-tax contributions and second to the participant's Roth contributions. The term "compensation" for calculation of deferral shall be base pay, overtime and commissions.

Participating employees are eligible to make catch-up contributions under the Plan provided the participating employees have attained or will attain the age of 50 before the close of the year.

The amount of catch-up contributions allowed by the Internal Revenue Services was \$6,000 for the years 2016 and 2015. The catch-up contributions are excluded in calculating any matching compensation. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover).

The Company will match the deferral contributions at 100% up to the first 3% of compensation for eligible employees. Employees become eligible to receive the employer match after the completion of one year of eligibility service. The Company made matching contributions of \$23,381,790 and \$26,824,192 for the years ended December 31, 2016 and 2015, respectively.

The matching contribution shall be allocated as of the last day of each quarter, on behalf of each participant who made a deferral contribution on any pay date during the calendar quarter and who is employed on the last business day of the calendar quarter. Participants who made deferral contributions during the calendar quarter but who are not employed on the last day of the calendar quarter due to death, disability, retirement, or involuntary termination of employment by the Employer as a result of a corporate disposition or a reduction in force shall be entitled to a matching contribution for such quarter.

The Company provided discretionary contributions for certain former employees of the State of Indiana. The amount of the discretionary contribution was a percentage of the employee's compensation. Effective September 2, 2015, the Plan was amended to discontinue the discretionary contributions. The discretionary employer contribution was \$1,377,086 for the year ended December 31, 2015.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A – PLAN DESCRIPTION

The discretionary contribution percentage was dependent on the employee's age and service, each measured in years and completed months as of December 31 of the calendar years for which the discretionary contributions were made, in accordance with the below schedule:

<u>Age plus service</u>	<u>Discretionary contribution percentage</u>
Less than 45	6%
At least 45 but less than 55	9%
At least 55 but less than 65	11%
More than 65	13%

All matching contributions have been allocated in accordance with Participant's investment elections.

Allocation

Each participant's account is credited with the participant's salary deferral. Investment income or loss is allocated daily based on the ratio of each participant's account balance at the end of each day.

Vesting

Vesting of all employer contributions occurs at the following rates for employees enrolled in the Plan. Employee contributions, Roth contributions and rollover contributions are 100% vested. The vesting schedule applicable to matching contributions and discretionary contributions in 2016 and 2015 is:

<u>Years in Vesting Service</u>	<u>Vested Interest</u>
Less than two years	0%
Two to three years	50%
Three or more years	100%

Participant loans

Participants may borrow from their fund accounts, through a loan transaction, a minimum of \$1,000 or up to a maximum of \$50,000 not to exceed 50% of their vested account balance.

The balance in the participant's account is used to secure the loans. These loan transactions are treated as a transfer between the investment fund and the participant notes fund. Loans used for

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A – PLAN DESCRIPTION

the purchase of a primary residence have a maximum term of fifteen years. All other loans have a maximum term of five years. The interest rate on loan transactions is commensurate with current rates. As of December 31, 2016, the interest rate on outstanding loan balances ranged from 4.25% to 10.0%. As of December 31, 2015, interest rates on outstanding loan balances ranged from 3.25% to 10.0%. No allowance for credit losses has been recorded as of December 31, 2016 and 2015.

Principal and interest are paid ratably through payroll deductions. Participant notes receivable are valued at their unpaid principal balances, plus accrued but unpaid interest thereon. Interest income on notes receivable from participants is recognized when earned. A participant may not have more than two loans outstanding at the same time.

If a participant ceases to make loan repayments and the plan administrator, based upon the terms of the plan document, deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Termination

Although it has not expressed any intent to do so, the Company may terminate the Plan at any time. Upon termination, the Company may elect to distribute to each participant, or his or her beneficiary, his or her account balance to the extent permitted by the Internal Revenue Code, or transfer such balance to a successor plan. In addition, upon termination of the Plan, the participants' vested interest in employer contributions shall be 100%.

Upon termination of service, a participant may elect to receive a lump-sum amount equal to the value of his or her account.

Forfeitures

Forfeitures are used to reduce employer matching or profit sharing contributions or plan administrative expenses. At December 31, 2016 and 2015, the Plan maintained a balance of \$30,140 and \$55,112, respectively, in forfeited non-vested accounts and utilized \$610,000 and \$450,000 for the years ended December 31, 2016 and 2015, respectively, in forfeitures to offset employer contributions and plan expenses.

Plan administrative costs

Plan expenses, such as trustee and recordkeeping charges, are covered by a per-participant fee based on the participant's account balance. To calculate the per-participant fee rate, the Benefits Administrative Committee projected these expenses for plan years 2016 and 2015, and divided the total expenses by the total plan assets as of December 31, 2016 and 2015, respectively.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A – PLAN DESCRIPTION

The resulting percentage of 8.1 and 10.0 basis points was applied to each participant's account balance as of January 01, 2016 and 2015, respectively. Plan fees are subtracted from each participant's account on a quarterly basis throughout the year.

Funding policy

It is the policy of the Plan sponsor to remit the employee contribution three business days after the date of payroll. This is the earliest date in which the Company can reasonably segregate these amounts from general assets.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Plan is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Plan's administrator, who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Investments held by a defined contribution plan are required to be reported at fair value, except for fully benefit-responsive investment contracts. Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures, such as fair value. Actual results may differ from those estimates.

Investment valuation and income recognition

Investments are reported at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mellon Bank N.A. holds the Plan investments. The fair value per unit/share is stated at quoted market prices as determined by Mellon Bank N.A. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains (losses) and the unrealized appreciation (depreciation) on those investments.

Notes receivable from participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2016 and 2015. Delinquent participant loans are recorded as distributions on the basis of the terms of the Plan agreement.

Excess contributions payable

Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding reduction to contributions.

Payment of benefits

Benefit payments are recorded when paid.

Expenses

Certain expenses incurred maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Investment-related expenses are included in appreciation of fair value of investments.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In determining fair value, the Plan uses various valuation approaches. Authoritative accounting guidance establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Plan. Unobservable inputs reflect the Plan's assumptions about the inputs market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Plan has the ability to access.

Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Accordingly, the degree of judgment exercised by the Plan in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended December 31, 2016 and 2015, there were no transfers in or out of levels 1, 2 or 3.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Self-directed brokerage accounts: Accounts primarily consist of mutual funds and common stocks that are valued on the basis of readily determinable market prices.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

New Accounting Pronouncement

In February 2017, FASB issued Accounting Standards Update No. 2017-06, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): Employee Benefit Plan Master Trust Reporting (a consensus of the Emerging Issues Task Force) (“ASU 2017-06”), to improve the usefulness of the information reported to the users of the employee benefit plan’s financial statements as well as to provide clarity to the preparers of these financial statements. ASU 2017-06 relates to the reporting by an employee benefit plan for its interest in a master trust. Presentation and disclosure requirements for a plan’s interest in the master trust are defined. The amendments in this update are effective for fiscal years beginning after December 15, 2018. The Plan has adopted ASU 2017-06 for the years ended December 31, 2016 and 2015.

NOTE C – INCOME TAX STATUS

The Plan obtained its most recent determination letter on November 3, 2014, in which the Internal Revenue Service stated that the Plan as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. Although the Plan has been amended since receiving the determination letter, the plan administrator and the plan’s tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified.

On August 22, 2012, the Plan received a notification from the Internal Revenue Service indicating that the IRS had initiated an audit of the 2009 plan year for the XBS Savings Plan. On May 5, 2015, the IRS completed their examination and accepted the 5500 return as filed.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE C – INCOME TAX STATUS

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions.

The plan administrator believes it is no longer subject to income tax examinations for years prior to 2011.

NOTE D – INVESTMENTS

During 2016 and 2015, the Plan invested in a Master Trust arrangement consisting of common stock and mutual funds. The trust consists solely of the Plan's assets. Investment information related to the Master Trust arrangement during 2016 and 2015, is as follows:

	2016	2015
Master trust balances		
Common stock	\$ —	\$ 27,880,929
Mutual Funds	706,175,869	669,678,417
Total investments at fair value	<u>\$706,175,869</u>	<u>\$697,559,346</u>
Plus:		
Due from broker for securities sold	32,569	154,891
Accrued interest and dividends	5,249	2,497
Less:		
Due to broker for securities purchased	2,849	146,146
Accrued expenses	72,771	336,886
Total	<u><u>706,138,067</u></u>	<u><u>697,233,702</u></u>

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE D – INVESTMENTS

	Year Ended December 31, 2016	Year Ended December 31, 2015
Change in net assets:		
Contributions	\$ 67,935,585	\$ 81,798,454
Interest/dividends	687,771	970,118
Net appreciation(depreciation) of investments	62,782,485	(9,634,132)
Net forfeitures	(474,454)	(339,948)
Benefits paid to participants	(101,919,008)	(134,381,937)
Administrative and miscellaneous expense	(699,760)	(766,343)
Net transfer from the trust	(19,696,098)	(19,034,177)
	<u>\$ 8,616,521</u>	<u>\$ (81,387,965)</u>

The Net Assets of the Master Trust Investment at December 31, 2016 and 2015, were equal to the aggregate value of the assets of the Master Trust Investment less the value of the accrued liabilities of the Master Trust Investment. The assets of the Master Trust Investment were determined in accordance with generally recognized valuation procedures based upon prices and quotes from independent pricing services.

The closing prices reported in the active markets in which the securities are traded were used to value the investments in the Master Trust.

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2016 and 2015:

Master Trust Assets at Fair Value
As of December 31, 2016

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$706,175,869	\$ —	\$ —	\$706,175,899
Common stocks	—	—	—	—
Total assets at fair value	<u>\$706,175,869</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$706,175,869</u>

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE D – INVESTMENTS

Master Trust Assets at Fair Value
As of December 31, 2015

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$669,678,417	\$ —	\$ —	\$669,678,417
Common stocks	27,880,929	—	—	27,880,929
Total assets at fair value	<u>\$697,559,346</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$697,559,346</u>

During the years ended December 31, 2016 and 2015, respectively, the Master Trust's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value by \$62,776,938 and \$(9,634,132) as follows:

	2016	2015
Mutual funds	\$63,950,044	\$ 289,401
Nonemployee corporate stock	778,247	644,529
Xerox Stock Fund	(1,951,353)	(10,568,062)
	<u>\$62,776,938</u>	<u>\$ (9,634,132)</u>

NOTE E – GUARANTEED INVESTMENT CONTRACT WITH WELLS FARGO

The Plan holds a fully benefit-responsive investment contract with Wells Fargo Synthetic Stable Value Fund ("Wells Fargo"). This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. Contract value is the relevant measurement attribute for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value, as reported to the Plan by Wells Fargo, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses.

Discontinuance of the contract would result in certain surrender charges and market value adjustments as defined by the contract. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

Wells Fargo maintains the contributions in a general account. The account is credited with earnings on the investments and is charged for participant withdrawals and administrative expenses charged by Wells Fargo. The contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE E – GUARANTEED INVESTMENT CONTRACT WITH WELLS FARGO

There are no reserves against contract value for credit risk of the contract issuer or otherwise. Principal and interest at crediting rates, which are announced in advance on an annual basis, are guaranteed; however, there is no stated maturity date.

During 2016 and 2015, the average yields for the Stable Value Fund were as follows:

Yield Analysis	<u>2016</u>	<u>2015</u>
Based on actual earnings	1.88%	1.77%
Based on interest rate credited to participants	1.96%	1.95%

Benefit-responsive investment contracts are designed to preserve capital and provide a stable crediting rate. Such contracts provide that withdrawals associated with certain events not in the ordinary course of fund operations may be paid at market rather than contract value. Examples of such circumstances may include significant plan design changes, complete or partial plan terminations, severance programs, early retirement programs, the closing or sale of a subsidiary, bankruptcy of the plan sponsor or the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The Plan Administrator does not believe the occurrence of the above events that would limit the Plan's ability to conduct transactions with Participants at contract value is probable.

The Plan's ability to receive amounts due in accordance with fully benefit-responsive investment contracts is dependent on the third-part issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

The guaranteed investment contract does not permit Wells Fargo to terminate the agreement prior to the scheduled maturity date.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE F – FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016 and 2015.

Assets at Fair Value
As of December 31, 2016

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$771,909,120	\$ —	\$ —	\$771,909,120
Interest bearing cash	4,327,104	—	—	4,327,104
Self directed brokerage accounts	1,707,176	—	—	1,707,176
Total assets at fair value	<u>\$777,943,400</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$777,943,400</u>

Assets at Fair Value
As of December 31, 2015

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$714,952,700	\$ —	\$ —	\$714,952,700
Corporate stocks	27,880,929	—	—	27,880,929
Interest bearing cash	3,601,601	—	—	3,601,601
Self directed brokerage accounts	1,651,540	—	—	1,651,540
Total assets at fair value	<u>\$748,086,770</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$748,086,770</u>

Gains and losses included in changes in net assets available for benefits for the year ended December 31, 2016 and 2015, are reported in net appreciation in fair value of investments.

NOTE G – RELATED PARTY TRANSACTIONS AND PARTY IN INTEREST TRANSACTIONS

The Plan invested in investments managed by Mellon Bank N.A. the custodian of the Plan's assets, as defined by the Plan. These transactions qualify as party-in-interest transactions. However, these transactions are exempt from the prohibited transaction rules. Fees paid by the Plan for the investment management services were \$319,293 and \$135,664 for the years ended December 31, 2016 and 2015, respectively.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE G – RELATED PARTY TRANSACTIONS AND PARTY IN INTEREST TRANSACTIONS

The Plan offers investment in a unitized stock fund, The Xerox Stock Fund (the “Fund”), which is primarily comprised of Xerox Corporation common shares. The unit values of the Fund are recorded and maintained by the Trustee. During the year ended December 31, 2016, the Plan terminated and liquidated the Fund. Common shares in the Fund were sold in the amount of \$20,153,492 and the Fund had net depreciation of \$1,779,350. The total value of the Plan’s investment in the Fund was \$0 and \$21,932,842 at December 31, 2016 and 2015, respectively.

During 2016 and 2015, dividends paid on Xerox Corporation common shares amounted to \$378,747 and \$761,750, respectively. These transactions, as well as participant loans, qualify as party-in-interest transactions. However, these transactions are exempt from the prohibited transaction rules.

Xerox HR Solutions, LLC (a division of XBS) provides certain accounting, administrative, and investment management services to the Plan.

The Plan paid \$1,334,588 and \$1,415,146 for the services rendered by XBS HR Solutions, LLC for 2016 and 2015, respectively. These transactions are considered exempt party-in-interest transactions.

On August 22, 2016, the Department of Labor submitted an inquiry to the Plan regarding the Plan’s selection of Xerox HR Solutions as a service provider to the Plan, the Plan’s documents and communications related to terminated or deceased participant balances, and fees paid by the Plan to Buck Consultants. The inquiry covers the period from January 1, 2012 through July 1, 2016. The investigation is active as of December 31, 2016.

NOTE H – DERIVATIVES

The Plan has no instruments that, in whole or part, are accounted for as a derivative instrument under current authoritative guidance in *Accounting for Derivative Instruments and Hedging Activities*, during the current plan year.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE I – PLAN MERGERS

A summary of Plan mergers for 2016 are as follows:

Assets of the RSA Medical LLC 401(k) Plan and Trust were transferred into the XBS Savings Plan on March 1, 2016. The funds transferred totaled approximately \$2,021,540 and were reinvested with Mellon in similar investments.

The Statement of Changes in Net Assets Available for Benefits includes the activity from the employees of RSA from the date the assets were merged into the XBS Savings Plan to December 31, 2016.

A summary of Plan mergers for 2015 are as follows:

Assets of the ISG Services, LLC 401(k) Plan were transferred into the XBS Savings Plan on March 1, 2015. The funds transferred totaled approximately \$25,997,000 and were reinvested with Mellon in similar investments.

Assets of the WDS Global 401(k) Retirement Plan were transferred into the XBS Savings Plan on March 1, 2015. The funds transferred totaled approximately \$3,199,000 and were reinvested with Mellon in similar investments.

Assets of the Intrepid Learning Solutions, Inc. 401(k) Plan were transferred into the XBS Savings Plan on July 1, 2015. The funds transferred totaled approximately \$4,158,000 and were reinvested with Mellon in similar investments.

Assets of the Consilience Software Inc. 401(k) Profit Sharing Plan and Trust were transferred into the XBS Savings Plan on July 17, 2015. The funds transferred totaled approximately \$1,656,000 and were reinvested with Mellon in similar investments.

The Statement of Changes in Net Assets Available for Benefits includes the activity from the employees of these companies from the date the assets were merged into the XBS Savings Plan to December 31, 2015.

NOTE J – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities which, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Further, due to the level of risk associated with certain investment securities it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE K – SEPARATED PARTICIPANTS WITH VESTED BENEFITS

There were 9,508 and 10,118 terminated participants with vested benefits of \$319,899,532 and \$323,219,029 as of December 31, 2016 and 2015, respectively.

NOTE L – FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2016 and 2015, to Form 5500:

	<u>2016</u>	<u>2015</u>
Net assets available for benefits per the financial statements	\$893,658,347	\$866,869,620
Deemed loan distributions	(112,775)	(119,453)
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	445,814	891,917
Net assets available for benefits per the Form 5500	<u>\$893,991,386</u>	<u>\$867,642,084</u>
	<u>2016</u>	<u>2015</u>
Net increase (decrease) in net assets available for benefits per the financial statements	\$26,788,727	\$(81,800,447)
Deemed loan distributions	6,678	(15,726)
Adjustment from contract value to fair value for fully benefit-responsive investment contracts – December 31, 2016	445,814	891,917
Adjustment from contract value to fair value for fully benefit-responsive investment contracts – December 31, 2015	(891,917)	(2,232,714)
Net increase in net assets available for benefits per the Form 5500	<u>\$26,349,302</u>	<u>\$(83,156,970)</u>

XEROX BUSINESS SERVICES SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE M – SUBSEQUENT EVENTS

In the normal course of business, the Company may consolidate additional subsidiaries into or eliminate current subsidiaries from the Plan.

Xerox Corporation separated into two companies effective January 1, 2017. The Company became Conduent Incorporated as of that date. Effective January 1, 2017, the name of the Plan is Conduent Savings Plan. The Board of Directors replaced the Executive Committee as of January 1, 2017.

The employer match for the 4th quarter of 2016 was posted to the Plan during the first quarter of 2017 in the amount of \$5,253,105.

On April 6, 2017, the Plan was amended to reflect the Company name change effective February 17, 2017, from Conduent Incorporated to Conduent Business Services, LLC or any successor by merger, purchase or otherwise.

Effective April 1, 2017, the Employer match changed from quarterly to annually.

The Plan Sponsor has evaluated subsequent events through the date which the financial statements were available to be issued.

XEROX BUSINESS SERVICES SAVINGS PLAN
SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2016
EIN #32-0293031 PLAN NUMBER 333

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	Mellon Bank, N.A.	AMG Yacktman Service Fund	**	\$ 69,011
*	Mellon Bank, N.A.	Ariel Fund	**	17,334
*	Mellon Bank, N.A.	Brokerage Account – Self Directed	**	1,707,176
*	Mellon Bank, N.A.	CGM Realty Fund	**	12,102
*	Mellon Bank, N.A.	DB Gold Double Short ETN	**	18,131
*	Mellon Bank, N.A.	DFA US Small Cap Portfolio Institutional Class	**	15,808,314
*	Mellon Bank, N.A.	Direxion Daily 20+ Year Treasury Bear 3X ETF	**	11,990
*	Mellon Bank, N.A.	Direxion Daily Finl Bear 3X	**	1,520
*	Mellon Bank, N.A.	Direxion Daily Gold Miners	**	7,334
*	Mellon Bank, N.A.	Direxion Daily JR Bull Gold 3X	**	2,232
*	Mellon Bank, N.A.	Direxion Daily India Bull 3X ETF	**	41,875
*	Mellon Bank, N.A.	Direxion Daily S&P 500 Bear	**	72,900
*	Mellon Bank, N.A.	Direxion Daily S&P Biotech Bull	**	20,164
*	Mellon Bank, N.A.	Dodge & Cox Income Fund	**	12,964,759
*	Mellon Bank, N.A.	Dodge & Cox International Stock Fund	**	12,858,439
*	Mellon Bank, N.A.	Eaton Vance Limited Duration Fund	**	61
*	Mellon Bank, N.A.	Eaton Vance Risk Managed Diversified Equity Income Fund	**	495
*	Mellon Bank, N.A.	ETRACS Monthly Pay 2XLeveraged	**	7,245
*	Mellon Bank, N.A.	Fidelity OTC Portfolio	**	15,780
*	Mellon Bank, N.A.	Fidelity Low Priced Stock Fund	**	79,198
*	Mellon Bank, N.A.	Financial Select Sector SPDR	**	2,325
*	Mellon Bank, N.A.	Franklin Small Mid Cap Growth Fund	**	3,771
*	Mellon Bank, N.A.	Guinness Atkinson Global Energy Fund	**	11,392
*	Mellon Bank, N.A.	Harbor Capital Appreciation Fund	**	122,521
*	Mellon Bank, N.A.	Hartford Inflation Plus Fund	**	2,946
*	Mellon Bank, N.A.	Ipath S&P 500 VIX S/T FU ETN VIX Short Term	**	2,551
*	Mellon Bank, N.A.	Ipath US Treasury 10-year Bear	**	56,926
*	Mellon Bank, N.A.	Ishares EDGE MSCI USA Moment	**	18,429

XEROX BUSINESS SERVICES SAVINGS PLAN
SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2016
EIN #32-0293031 PLAN NUMBER 333

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	Mellon Bank, N.A.	Ishares Gold Trust Fund	**	\$ 19,944
*	Mellon Bank, N.A.	Ishares MSCI Global Silver M	**	1,045
*	Mellon Bank, N.A.	Ishares Silver Trust	**	3,022
*	Mellon Bank, N.A.	Janus Investment Global Technology Fund	**	2,442
*	Mellon Bank, N.A.	Mellon Aggressive Unit	**	28,017,971
*	Mellon Bank, N.A.	Mellon Aggressive Bond Unit	**	41,392,237
*	Mellon Bank, N.A.	Mellon Conservative Unit	**	27,884,213
*	Mellon Bank, N.A.	Mellon Moderate Aggressive Unit	**	58,090,293
*	Mellon Bank, N.A.	Mellon Moderate Conservative Unit	**	43,144,278
*	Mellon Bank, N.A.	Mellon Moderate Unit	**	112,749,706
*	Mellon Bank, N.A.	Mellon Stock Unit	**	222,520,802
*	Mellon Bank, N.A.	Nuveen NAS100 DYN	**	50,018
*	Mellon Bank, N.A.	OakMark Intl Small Cap Fund	**	27,846
*	Mellon Bank, N.A.	Pimco All Assets Fund	**	3,217,010
*	Mellon Bank, N.A.	Proshares Ultra Basic Material	**	49
*	Mellon Bank, N.A.	Proshares Ultra Short 20Y Treasury	**	12,088
*	Mellon Bank, N.A.	Proshares Ultra S&P 500 New	**	33,677
*	Mellon Bank, N.A.	Proshares Ultra QQQ	**	104
*	Mellon Bank, N.A.	Royce Opportunity Fund	**	33,017
*	Mellon Bank, N.A.	Schwab US Dividend Equity ETF	**	49,912
*	Mellon Bank, N.A.	SPDR Gold Shares	**	1,096
*	Mellon Bank, N.A.	SPDR S&P Regional Banking	**	29,174
*	Mellon Bank, N.A.	SPROTT Physical Gold Trust	**	18,780
*	Mellon Bank, N.A.	T Rowe Price Latin America	**	9,404
*	Mellon Bank, N.A.	Technology Select SPDR	**	441
*	Mellon Bank, N.A.	Tekla Healthcare Investors	**	36,095
*	Mellon Bank, N.A.	Tekla Healthcare Opportunity	**	27,533
*	Mellon Bank, N.A.	Tekla Life Sciences Investors	**	19
*	Mellon Bank, N.A.	Tocqueville Gold Fund	**	6,754
*	Mellon Bank, N.A.	Touchstone Large Cap	**	2,701

XEROX BUSINESS SERVICES SAVINGS PLAN
SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2016
EIN #32-0293031 PLAN NUMBER 333

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	Mellon Bank, N.A.	Vaneck Vectors Gold Miners	**	\$ 32,635
*	Mellon Bank, N.A.	Vanguard Dividend Growth Fund Investor	**	32,743,763
*	Mellon Bank, N.A.	Vanguard GNMA Investment Fund	**	14,935
*	Mellon Bank, N.A.	Vanguard High Yield Corporate Unit	**	55,513
*	Mellon Bank, N.A.	Vanguard Inflation Protected Investment	**	6,729
*	Mellon Bank, N.A.	Vanguard Long Term Treasury Fund	**	14,729
*	Mellon Bank, N.A.	Vanguard Total Bond Mkt Index-ADM	**	15,921
*	Mellon Bank, N.A.	Velocityshares 2XVIX Short-term	**	38
*	Mellon Bank, N.A.	Wells Fargo Stable Value Fund	**	89,106,330
*	Mellon Bank, N.A.	XBS EB Daily Liq Acwi Unit	**	44,461,823
*	Mellon Bank, N.A.	XBS EB Daily Liq Mkt Comp Unit	**	114,951,618
*	Participant loans at 4.25% to 10.0%		- 0 -	21,392,738
	Interest bearing cash		**	4,327,104
				<u>\$888,442,468</u>

* Denotes a party-in-interest

** Not required for participant directed investments

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation of our report dated June 28, 2017 relating to the financial statements and supplemental schedule of the Xerox Business Services Savings Plan, which appears in this Annual Report (Form 11-K) for the year ended December 31, 2016.

/s/ Chapman, Hext & Co., P.C.

Dallas, Texas

June 28, 2017