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PRESENTATION

Operator

Good morning. The show is about to begin. Could everyone please take their seats?

(video playing)

Kimberly Marshall - Conduent Incorporated - Chief Commercial Officer

Good morning, everyone. It is a thrill to finally be in this room today and with everyone on the line to have you join us for ASCEND 2026 to 2028. My name is Kimberly Marshall. I'm the Chief Commercial Officer at Conduent. And as I noted, our organization, our executive leadership team, our esteemed CEO are thrilled to have you join us for a program that will walk you through how we're going to take this organization to 2028, telling you about what was to what is today, what we've already accomplished and you can have confidence in and where we are headed to deliver exceptional growth in the years ahead.

I want to remind everyone that throughout today's program, we will be making forward-looking statements and walk you through the agenda so you know what to expect. I can have the agenda, please. Thank you. So we will be beginning right now with some welcome and introduction. I have the esteemed pleasure of turning over shortly here to our CEO.

We will walk through the financials of the organization today, where we're headed for growth, what you can expect and the material pieces around that from Giles Goodburn. We will then head into a short break, where I will come back and join you and walk you through the future of growth at Conduent, what you can expect specifically in our Commercial business.

I will turn over then to George Wehbe, who runs our Commercial business. Then you will hear from Anna Sever, who will walk you through the Government business and the thriving energy and pipeline and growth that's happening in that segment of our world today. We will take another short break, and then you will have the opportunity to hear from our new CIO and CTO, who is joining us today, and we are -- and also our shared services leader so that we can hear from the organization what we are doing and how you will absolutely be able to have confidence in our 2028 vision. We will then close with Q&A.

We welcome the opportunity to answer questions on what you're hearing and where you feel that we will be going together on this journey to 2028.

With that, let me welcome the man who needs no introduction, our fearless CEO, the myth, the man, the legend, Mr. Harsha V. Agadi.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

Good morning, ladies and gentlemen, and welcome to this fine day in Manhattan. I want to start by a couple of introductions as there are a lot of people here in this room and some of you might not know who is who. So just briefly, I'll start with introducing, and I'd like each person to stand up so that everybody knows them. I'll start with our nonexecutive Chairperson. I actually would like to say nonexecutive Chairwoman because there are Chairmen, but we have a Chairwoman.

And her name is Mrs. Paláu-Hernández. Please give her an applause. Thank you, Maggie. Next, I want to introduce Michael Fucci, and he is one of our Board members and chairs, I call a painful committee for me, the Compensation Committee as well as audit. Then we have Ms. Greta Van. She is another Board member who chairs risk and sustainability, and she's more focused on risk. We mean business in this company, trust me. And finally, our youngest, dynamic, tallest Board member, Mr. Adam Demuyakor, please give him a hand. He chairs our Governance Committee. We also have, amongst us, the entire senior leadership team, which I am, if all of you can stand at one time, and let's just give a quick applause as we get into the materials. Thank you very much. Thank you.

And finally, very quickly, if Nitin Jain can stand and Remy Kaul and Cindy Gutierrez, they have been driving this Investor Day that you will see unfold very carefully today. Huge thank you to all of you. Ladies and gentlemen, I will assure you this is not my first rodeo. Trust me on this. We're going to go through this in a lot of detail.

To begin with, you're going to need to have a clear, as you can see, mission statement, and it's actually simplified, it's focused, and it should not change for a while to come. To be the premier AI-led, premier, which means number one, that is our mission, AI-led. That is the relevancy today and will change the way we function as humans. Technology-enabled, that's what drives the AI-led business process partner for Government and Commercial clients, helping them modernize daily their operations, enhance customer and constituent experiences, and achieve measurable and business outcomes.

When I, as CEO, meets another CEO, generally a client, I have to be very clear in the value add to each of our clients for it to be one a lasting impression and to drive more growth between us in our relationship. The key takeaways today are very simple. First, laying out that strong foundation that we have and the client relationships are in place. When I joined in May of last year as a Board member, as any individual would do, I did some research. I said, Oh my, there's a lot of depth here in terms of foundation as well as a multi, multi-decade client relationship.

The second, the strategy is becoming clearer and clearer. And finally, it is time to execute and produce results. And when I say it is time, it is now, it is present, and you're going to start seeing as each quarterly result comes out. How we look at this journey today, and we have a moniker on this, Ascend 2026-2028 journey is underway. It's simple. We're going to look at it first, step one, reset and stabilize; second,

simplifying the operations; and finally, executing Ascend. Having been CEO 6 times prior to joining Conduent, I believe management and turnarounds are not an art.

It is a science. It's proven. It's repeatable across sectors. These are the three steps we will go through today in detail to tell you how we're climbing, why, which, when, et cetera. I'm going to go with the first piece, which is reset and stabilize.

To begin with, let me just make sure there is no confusion who we are. 46, get ready for this, 46 out of the 50 states in the United States, we serve directly. It could be Medicaid claims, it could be Medicare. It could be eligibility. It could be enrollment. It could be EBT cards. I can go on and on. My dream a long time ago was to work for the government. I'm actually now finally living it. And guess what?

I watch the dollars, and I see a lot of interesting things that I won't go too deep into. Next, we have, if you look at the slew, 31 out of the Fortune 100 companies. The single example here, one third of the Fortune 100, and guess what our ratio is in the next Fortune 400, almost 60%. We have 300-plus clients, and it's very interesting that I am now receiving calls. It took a few months, but the calls have begun where inbound CEO calls of other service companies are coming to me wanting to partner, wanting to jointly bid and make sure we land on the transaction.

Look at the other stats very quickly. 8 out of the top 15 US health plans, 4 out of the top 10 US banks. As part of our mission, I want to make sure there is total domination in our services. We are serving all of the sectors we only are focused on. 6 out of 10 pharma companies, three out of five automakers. It helps when my co-summer interns 40-plus years ago are today running some of the auto companies. It's perfect timing in life, I would say. Let me just jump on and also talk about elevating client outcomes on three dimensions: efficiency.

That is a daily mantra for all CEOs, get there quick, get there fast, get there at the lowest cost. Experience for our end customer. It could be somebody receiving a pension from a company. It could be somebody processing a Medicare claim. The experience has to be seamless. The experience has to be short. The experience needs to be resolved quickly. Latency needs to be at its lowest. And finally, true value delivery. Are we really providing value to enhance our clients' business?

These are the dimensions we're going to look at constantly. Our KPIs will revolve around these measures, all the way down to the single call center agent. It could be an AI bot, but KPIs are KPIs, whether it's human or AI, I hate to break it to you. Our expertise is wide. We have deeply entrenched 24/7, 365 days service.

We have approximately 46,000 employees. When I began in January, we had about 60,000. Our efficiency continues to go up. We have large concentration of our delivery centers in India, Philippines, United States, Guatemala, and we have a number of other locations, whether it's in Europe or in South America, stretching in Europe from Western to Eastern Europe as an example.

And I have had the pleasure at this point in my first seven or eight months to have visited far-off offices, spend time in different cultures, sat and listened to calls from call center agents and watching how things work. I have to say an interesting thing. The further we are from the headquarters of any company, the action is greater. This is just the principle of corporations.

Let me move on to the next. This is a very important slide. I joined the company to remind all of you as a Board member in May. I got elected as Chair of the Board. In January, the Board made a decision to have me become CEO, and I moved on to an operating role, while Ms. Paláu-Hernández took on the role of the Chair of the Board, and we're going to come back to that in a moment. What were the challenges observed in the past history?

I had a brief glimpse in the 6 months I was not a dependent Board member. I was independent those days. Now I'm dependent. I'll start with the first one, limited strategic focus and prioritization. When you're in battle, when you have a fight, or you're about to have a fight.

Your priorities are the most important thing that you need lined up. You miss the priorities, you will miss the entire story. You might not even be in battle. The second, this was very important, inconsistent execution and implementation had to be much more decisive. When you have a meeting, you need to make decisions.

You do not have a meeting for the sake of having a meeting. Next, a very complex operating system and elevated cost structure. And then the last two, underinvestment in targeted growth areas. For example, if it is sales, we need to invest more. If it is AI functionality, we need to invest more.

My first customer internally is our employees. They need to feel better. And I'm going to give you an example a little later. And finally, a reactive culture as opposed to a proactive culture. The minute the government makes the decision and changes how a payment is made, even if it is Social Security, Medicare, Medicaid, I don't -- I should not be telling my Board, I text at 5:00 AM.

I tell them I'm asleep at that time. But Anna Sever will get a message immediately, how does this impact us and how do we get ahead of this before it really becomes a bigger issue. Let's look at the strengths. Very strong foundation, solutions that remain highly relevant. The living proof is a \$3 billion company that has been serving clients for many years proves relevancy, long-standing relationship with premier clients.

Let me give you the definition of long. Our top 20 clients have, on an average, been our client for 20-plus years. That is a lot of depth. And finally, a dedicated team with deep expertise and commitment to customers. This, I had to think through a little bit as I walked in, and my wife was actually quite funny one day.

About a month into my tenure, she said, Do you have a handle on this? Or you're just telling the world you have a handle on this. And spouses are sometimes painful and direct. So guess what? Standing here today in front of you, I have absolute full confidence in the tremendous opportunity ahead of Conduent. And our job as a leadership team, as a Board is to unleash full enterprise value creation, not just only to our investors, to our clients, to our other stakeholders, our employees as well as all of the folks who touch Conduent on a daily basis.

The biggest thing I would say is accountability and transparency. I did want to talk about leading successful turnarounds. I have been in oilfield services. I have been in restaurants. I've involved myself in high-end hotels.

I have been in Software-as-a-Service, just to give you examples, including (inaudible), a business process outsourcing firm that competes against us today as the founder. When I go through all of these turnarounds, there are certain ingredients that have to be present. By the way, we're only human, but you need a starting holy grail of what is going to be used to make things successful. Strong assets, long-term client relationships, clear priorities, disciplined execution and a culture of maximum accountability. Our leadership team, this is a very important slide near and dear to my heart.

When you look at this, the majority are new. In fact, last night, when we had dinner, I pointed out to my 3 friends who have survived the change. And in fact, you'll see some of them in action. And I'll go very quickly on the business side. We have Kimberly Marshall, who talked to you a minute earlier, our Chief Commercial Officer; George Wehbe, our President for Commercial; Anna Sever, who actually runs the entire Government Solutions business.

Just so you know, Kimberly is in her position the last 1 year or less. George and I made a race to Conduent. I think he joined a couple of days before me. And Anna is in her role for the last 6 months. Giles Goodburn is our CFO, patient, cautious, almost never believes anything I say.

So we have a real problem with this. Anna Novoseletsky joined us a couple of months ago, and I think she's put in a year's worth of work rapidly, unflappable. And then I'll go to Narayanan, and he's been here a long time. 2 weeks, hit the ground running, and he will unveil the story on AI with his co-partner, Nitin Jain, Mark McGinn, focused. He knows how to land the plane, our President of Transformation and our Chief Transformation Officer; and Mani, who runs our global shared services.

When I first talked to Mani, he was actually in shock that we don't have something called a global shared services at a maximum efficiency model. He gave me a sermon, it is impossible to compete against our competition if we don't have that setup. When you look at all these

names, 3 out of 9 or 10 there have existed in the company in other roles, including Giles, was not in his role 1.5 years ago. And today, we are all new to each other, seamless, and we're working together. I'll tell you how good we're working together.

If we're having a leadership meeting, and I'm gone for an hour right in the middle of the meeting to a client call, the agenda keeps moving, the decisions keep getting made. To remind you, in our quarterly calls, we talked about our strategic priorities. Let me go through that. This hasn't changed. Growth is at the top of the charts, converting pipeline to growth.

Reducing cost structure is already happening and will continue to happen. Even after we do the cost structure reduction 2 years later, my team is getting used to this rapidly. We're going to go back and look at cost again and again. Cleansing the house is a very good thing. Let me go to the next, enforcement of financial discipline, whether it is capital allocation, which, by the way, as CEO, that is one of my most important jobs.

Every dollar we spend has a lot of choices. It could be merit increases. It could be towards AI transformation. It could be marketing. It could be a flight to a client.

The result of that is daily financial discipline is key, increasing speed and accountability. Investors, you have reached me, you've tried to reach me. We typically make contact rapidly. You have my cell phone, you text me, I do respond. You're already experiencing it.

And optimizing the portfolio. We're going to talk about that a lot more. Let me now go through some decisive actions we did to reset and stabilize. One is, I'll start with the Board. Ms.

Paláu-Hernández is working on reforming the Board with the right talent, and we're going through it very carefully, very diligently step by step. 4 out of the 5 have been here less than a year, 2 out of 5 have been here 6 months or less. So this is happening as we speak. While Ms. Paláu-Hernández is making those changes, I work simultaneously on the senior leadership team, and you can see the stats.

Next, we had to rethink our strategy and our growth approach and the going to market. I am sitting in sales meetings, not all of them because there's only one Harsha, as I remind the team. But I sit on a few, and I need to really witness how we sell and how we reposition it. And finally, simplifying and strengthening the business. You're going to know more about that as the slides go by in terms of what's happened with transit and tolling.

And as you can see, with the simplification, we are going to have a fair amount of value realization. The cost reduction on the number of employees is obviously generating savings. Let me go through the next slide, please. On the next, simplify and concentrate, the very first step. We identified almost -- or not almost, I'm sure before I got to being CEO, while I was Chair of the Board, that transit and tolling was not the perfect fit for this business.

We announced both transactions. I have promised all my investors, one landing, just to remind you, end of October, one landing end of November. If I'm a good CEO and we're a good team, we will land it every day before those dates, which means we're hurdling towards it fairly quick. The value realization is approximately \$234 million. That's 7%.

I had some heartening news. The value is now even higher. We are going to be a very concentrated portfolio focused on 3 things. This may be the most important slide you may see the entire day. We're going to focus on health care operations, financial operations, enterprise operations, does not matter if it is a Government client, does not matter if it is a Commercial client.

We are very good at three sectors. We're going to be zoned in on our services. Our technology platforms will eventually start becoming common in many cases, so we can leverage dramatically in how we serve our clients. That data is important. Investors tend to forget dates sometimes with all due respect.

They say, Hey, what did you do today? This is Conduent 2027 starting point, January 1. Once we sell transit and tolling, our revenue stabilizes at \$2.15 billion to \$2.25 billion, and that's where our starting point is. In fact, as we're hiring individuals, I go through some very interesting negotiations. You're a \$3 billion company and you're only going to pay me so much? I said, No, no, no, no, no, no.

We're a \$2 billion company, and that is how we're going to behave. In fact, we might behave we're even smaller than that, so we're very efficient. Look at some of the other stats, 95% of our revenue is recurring. It is sticky. I talked about the 20 years, 20 clients. We're in 22 countries, 40,000-plus employees.

That means if I'm at 46 today, it's going to continue to come down at the beginning of the year, we're at a new base. And the last one, maybe we have too many delivery locations. I won't go deeper. That's being examined. Our solutions catered.

This is heartwarming. Whenever somebody takes on a new role or joins the Board, we all do our homework generally. And I said, how big is the total addressable market of where we play in the Commercial space, in the Government space. And it was very, very simple and shocking. It's a \$200 billion-plus industry, growing at a 4%.

So as we're all watching, our revenues have declined a little bit for sure, and we will start climbing back. If I don't get to 4%, I'm below average to the sector. I need to be above 4% to give myself a good score. And finally, the tailwinds of the market is making a difference, whether it is BPS adoption, rising demand for AI, customers continue to look for vendors. This is another important moment, end-to-end solutions as opposed to let me just get one solution.

And then finally, if you look at some of the other issues, pricing is now shifting to an extent to outcome-based, which means we have to produce results rapidly. We have received many, many, many awards. The office has a lot of these awards all over the place. We haven't received the award for the highest EBITDA margin and the maximum sales growth yet. So this is a good slide.

It's very useful, very useful for us to gain traction and meet clients. The good news is the clients don't ask our financial numbers in most cases, but you guys do. So to me, that slide will eventually become the most important achievement. But we have a lot of achievements. The scale of our impact is very meaningful.

1 out of 3 Americans. We touch 1 out of 3 Americans. That's a staggering statistic. That means we serve more humans than any country in Europe just as a statistic, 111 million. We're processing \$80 billion of benefit payments, half a billion right now in Medicaid claims.

You can back into the market share, and I want more market share there. 2 billion customer interactions. And finally, \$14 billion of claims and documents processing. I do need to go back and examine that last stat. We may be the largest claims company despite some insurance claims companies claiming to be the largest.

Finally, when you look at our capabilities, we have a slew. And as I said, we're zoning in and narrowing in a very focused manner, health care, financial solutions, enterprise solutions. So I'm just going to give you just one example on this slide. And if you look at intelligent document processing, AI-driven hand recognition, my team is carefully watching me because I'm using AI almost every minute. I'm subscribed to every service to see how fast it can take me point A, point B.

That AI-driven handwriting reporting is key, is key in claims, in documents that banks send in synthesizing and summarizing. And what it gives us is data. How do you monetize this data is the next chapter. Let me finally go to the next slide. On the Execute on ASCEND, which is the third pillar here, we are focused on standardizing, specializing and scale.

Again, think of it in 3 steps. You got to standardize, focus on specialization in the areas you play and then you got to scale that. On the standardized very quickly, very, very simply, efficiency, faster, similar, no silos. Silos is a bad word in our company today, a very bad word, and exploring constant operational synergies. On specializing core solutions, we talked about the 3.

We're going to double down on the 3, again, health care, financial, enterprise focused on Government and Commercial. And of course, the foundation of all of this will be AI. And then finally, scaling is very important. If I have 2 services for a client, I'd like to have 8 because I have 8 services I offer. If I have 4 out of 10 banks, I want to have 8 out of 10 banks, 10 out of 10.

I'm focused on what we don't have and go after that in terms of the client base. Let me now go to the next piece, which is the execute. Please keep moving. Let me stop right here for a moment. This -- please, if you take nothing away today, nothing.

This is a new Conduent, ladies and gentlemen. We are here and the chapters are unveiling for enterprise value creation, my incentives as CEO, thanks to our Committee Chair and his friends. I have to drive share price up. I have to create value. The leadership is strengthened.

We talk differently. We play differently. This is a moment investors look for either as they're coming in or they're running out of patience saying, how long will this take? We have differentiated solutions and flawless execution. If you've read some of the books out of the former GE Capital leaders or GE, I should say, flawless execution with operations and growth form the fundamentals of a winning team.

Finally, this is a team sport. We will only be as weak as our weakest member. I am confident today no pressure to my peers, my colleagues. You will do very well today, and I think you guys are going to hear some exciting stories. Thank you.

I do want to invite Giles Goodburn, cautious, careful and always circumspect the 3 Cs.

Giles Goodburn - *Conduent Incorporated - Chief Financial Officer, Executive Vice President*

I have to follow Harsha. No pressure. Okay. Thanks, Harsha. So it's great to see so many familiar faces here today.

Thanks for everyone for attending. A lot of good content that we've got to get through. Before I get into the numbers, I've got 2 points. So first, everything I show you today is on a continuing operations basis and excludes the Public Transit and Tolling businesses, which we're divesting, consistent with our most recent filings. Second, we have a refinancing of our revolving credit facility underway.

What we've said about the divestitures is in our public filings, and I'm not really going to go any further than that today. We'll give you a more complete picture of our capital structure with or prior to the third quarter results that we distribute in early November.

Continuing with ASCEND 2026 to 2028 thing, I'll demonstrate how these 3 pillars enhance our financial outlook from stabilization to top line growth. Let's begin with the divestitures.

The Transportation divestitures are of particular importance to the strategic direction for a number of reasons. These divestitures have a headline price of \$234 million of gross proceeds plus a retained stake in Quarterhill, the acquirer of Tolling. We'll receive almost \$200 million of those proceeds at close prior to year-end, with the remaining proceeds over the time -- over time in the form of certain holdbacks primarily related to the transit divestiture. Tax leakage and transaction costs are estimated to be less than \$10 million, and the proceeds will predominantly be used to delever the company. There's also significant derisking of our off-balance sheet exposures, where approximately 80% of our instruments, surety bonds and letters of credits are tied to transportation contracts.

Other benefits of the transaction include a reduction of our geographic footprint, a reduced capital intensity of RemainCo. And like Harsha mentioned, this provides the catalyst to operate a simplified portfolio, focusing on markets where we can win and grow. There remain a couple of smaller divestiture opportunities for us, but nothing that would move the needle from a revenue, a profitability or a proceeds perspective. Cost initiatives are another important component of the near-term strategy, which we will discuss later in this presentation. Our 3-year outlook is centered on modest top line growth over the period with a sharp focus on profitability through cost actions and deliberate pricing strategies.

2026 is a reinforcement of our previously guided ranges with revenue between \$2.15 billion and \$2.25 billion and adjusted EBITDA margin range of 6.5% to 7.6%. Revenue for the out years, we expect to be flat in 2027 with low to mid-single-digit growth in 2028 as we reap the

benefits of a more focused go-to-market strategy and our strengthening qualified pipeline. This would bring us closer to current BPS industry growth rates. We expect adjusted EBITDA margin to expand approximately 150 basis points each year, resulting in a 2028 adjusted EBITDA margin of approximately 10%, driven by our cost initiatives and pricing strategies. Longer term, we expect to progress towards 15% adjusted EBITDA margins, resulting from investments to streamline our technology platforms, benefits from our AI strategies and margin accretion from revenue growth.

From a free cash flow perspective, we expect 2028 to be positive once we've realized the costs to achieve our cost efficiency initiatives and some incremental investments in our technology platforms. Longer term, we expect this business to convert at least 20% of adjusted EBITDA to free cash flow. These outlook numbers are developed on the assumption that we close both the transportation divestitures and execute the \$120 million of cost reduction actions. Let's double-click on the growth trajectory. The growth journey starts with the qualified pipeline, represented on this graph by the 2 lines.

The total company pipeline is \$3.2 billion, split \$2.7 billion in Government and about \$0.5 billion in Commercial. Now that the size differential is typical as there's more line of sight to published RFP activity in the Government environment. The Government pipeline increased 78% since Q1 2024 and is up 8% since the beginning of this year. The strength here comes from Government health care, eligibility and federal areas, all key growth markets for us where we have market-leading capabilities and are positioned well to win. The Commercial pipeline is also rebuilding nicely and is up 48% since the beginning of the year, resulting from our reshaped go-to-market strategy.

George will discuss the Commercial offerings later in the presentation, but the punchline here is 80% of our core Commercial offerings have shown pipeline growth since the beginning of 2026, demonstrating the early signs of the reshaped go-to-market strategy and the investments we are making in our core product offerings is working. What isn't visible in the pipeline is the majority of add-on opportunities from existing clients, which typically show up in the quarter that they are signed and are therefore accretive to these pipeline numbers. Switching from pipeline to ACV achievement. New business ACV has increased from 2024 through 2026, and the continuation of that trend will be a result of the strength in the Government segment with modest step-ups in Commercial. Government increase is a result of the pipeline strength and referenceability of our new market-leading Government Health Care Medicaid platform, which is live in New Mexico and is being implemented in Virginia.

Once completed, we will see additional add-on opportunities as we help our states keep current with changing legislation and demographic trends. The other area we're excited about is the federal space, where we currently have a few contracts but see considerable opportunity from a growth perspective. All of these opportunities, Anna will elaborate on later in this presentation. We expect Commercial sales to be approximately flat to 2026. The revamp of the go-to-market strategy, which Kim is building and will discuss later, is rapidly increasing the pipeline of opportunities and is expected to drive ACV growth in the forecast years as we take a more deliberate approach to specific regulated industries with bundled solutions, leveraging our robust technology platforms and advancement of our AI capabilities.

Turning to how those ACV signings convert to revenue. Our revenue drivers can be categorized into 3 buckets. Firstly, new business wins, the ACV we discussed on the prior page. This new business ACV comes in two forms: recurring revenue, where we have the opportunity to renew the contract at a future date, which -- and then non-recurring revenue, which is more project-like and short term in nature. Now as Harsha mentioned, our base business is almost 95% recurring revenue, providing meaningful visibility and client durability.

We need to ensure that we maintain the right balance of recurring and nonrecurring new business wins each year to grow the recurring base as well as replenish the \$100 million to \$150 million of short-term project work we execute each year, which is critical to our client strategies. Second is churn. Our churn levels have been elevated over the last 2 years for reasons we've discussed openly on prior earnings calls. We've made significant progress addressing the underlying causes through the following actions. In our Government segment, we've made investments to strengthen our leadership and governance around implementations to ensure we're delivering these implementations on time and on budget for our clients.

In Commercial, the reshape go-to-market strategy covers both new and existing clients, including targeted investments in our client partner organization, ensuring our clients' contractual, operational and strategic needs are being met through regular formal and informal reviews with the appropriate leaders in their organizations. These actions, together with investments in AI and platform enhancements will drive the

churn number down. Lastly is volume and price, both of which can either be positive or negative to the growth story. We believe 2027 will be a stabilization year with both segments expected to be flat to 2026 as we work through previously disclosed revenue runoff. Once behind us, execution on the strategies we've embarked upon should deliver mid-single-digit revenue growth in 2028 as all 3 of these revenue drivers move in a positive direction.

One of the goals of the business is to achieve 10% adjusted EBITDA margins by 2028. Through disciplined cost actions and pricing strategies, we will have doubled the margin of the business since 2024 despite top line challenges. This trend is set to continue as we execute on our cost reduction initiatives, deploy AI internally, drive more shared service center operating models across the corporate environments and take specific strategic pricing actions across the portfolio. You can see from the EBITDA growth drivers, the journey to get to double-digit EBITDA margins with some nonrepeating items in 2026 to grow over as well as \$19 million of stranded cost that isn't offset by any transition services agreements for the 2 divestitures. These costs will begin to be addressed immediately the transactions close.

Approximately \$24 million of adjusted EBITDA accretion will be achieved through revenue growth and pricing actions. However, the majority of the step-up in adjusted EBITDA will be generated by our cost reduction programs, \$30 million of which will be resident in 2026 and \$90 million accreting through 2028. This next slide shows the substance behind the cost reduction program. We've partnered with experienced external advisers to drive the execution of these strategies with a full governance model and rigorous routines to ensure the opportunities are identified, sized, planned, tracked and executed effectively to ensure the results are visible in our financials. We've set ourselves a target of \$120 million with roughly 50% of that target coming from people actions.

As far as timing, the people actions will be the quickest to execute with procurement, real estate and technology actions being executed over a longer time frame dependent on contract and lease renewal time frames and investments required for technology standardization. Needless to say, we are committed to executing this program to ensure a full run rate of savings is resident in our 2028 financials. So with that, I'll leave you with 3 key takeaways. Firstly, divestitures, including the recent sales of Public Transit and Tolling, are being executed at constructive multiples that reflect the quality of our assets and are allowing us to reduce debt and strengthen the balance sheet. Secondly, improvements to both our product and go-to-market motion are resulting in solid pipeline growth.

After working through the expected runoff in 2027, we expect to deliver top line growth in 2028 and ultimately, growth that will be in line with the market as a whole. And finally, we are executing cost reductions of at least \$120 million and exiting lower quality, more capital-intensive markets, which will allow us to achieve around a 10% adjusted EBITDA margin in 2028. Longer term, we expect to progress towards 15% adjusted EBITDA margins, resulting from investments to streamline our technology platforms, along with benefits from our AI strategies and accretion from revenue growth.

So that concludes the financial component of the presentation. We'll take a quick break, and then Kimberly will resume with the Commercial segment growth plans. Thank you very much.

(break)

Operator

Could you please take your seats? We're about to begin.

Kimberly Marshall - Conduent Incorporated - Chief Commercial Officer

Are we ready to roll? All right. I'm back. Excited to be here, and I encourage you to buckle up because it's about to get exciting. Good morning. I'm Kimberly Marshall again, Chief Commercial Officer here at Conduent.

Across a 30-year client-facing career spanning health care, consulting, consumer, retail and technology industries, I have built, restructured and turned around commercial teams. I joined Conduent for this exact opportunity to help shape the transformation Harsha so eloquently

described earlier. And I believe deeply in what we are positioned to deliver next. Today, I'll show you how we standardized our commercial growth engine, embedded greater specialization and built the foundation to scale significant growth through 2028. We've activated a more disciplined commercial engine that converts Conduent's capabilities into stronger commercial performance, greater return potential and a more predictable path to sustainable revenue growth, applying our strong client relationships that Harsha shared with you earlier, deep operating expertise, which my colleagues, George and Anna will walk through further and differentiated technology through greater focus and repeatable execution, words you will hear me intentionally say over and over again.

Today, I'll show you how the commercial operating model is now in place. All pipeline is governed through three disciplines: standardize how we identify, qualify and convert opportunities; specialize where Conduent creates distinctive value; and scale only the solutions that show durable market pull, clear client value, commercial traction and compelling unit economics. The commercial reset is already producing measurable momentum. Client and sales team coverage is up 60% over the last 10 months. New business pipeline is up 12% year-to-date and new logo pipeline, the foundation of the future has more than doubled, increasing 106% year-to-date.

The economic logic is clear. Better coverage and qualification strengthen pipeline. Disciplined pursuits improve conversion and proven solution patterns shorten design cycles and support more efficient revenue conversion. That is the path to our 2028 ambitions. Our strategy overall has 3 connected stages.

First, standardize. We've taken steps to simplify cost structure, aligned the organization around one commercial operating model and installed a measurable operating cadence. It is all about the metrics. Second, specialize. We're concentrating resources behind priority markets, differentiated solution architecture and stronger pursuit stories.

And then third, as Harsha highlighted as the future, we scale. We're extending proven motions with clear client pull, demonstrated performance and favorable returns. This order matters. Standardization creates consistency, specialization creates differentiation and scale converts proven value into growth. That's why we began with standardization, the foundation for consistent execution.

It establishes one Commercial language, explicit qualification standards and a clear path from market signal to close business without centralizing every decision. Teams now have defined guidance on which markets matter, what qualifies as a real opportunity, when specialists enter and when to advance, reshape or stop a pursuit. That shared discipline is now applied across the Commercial pipeline. The commercial reset is operational. This is a very important point.

We are in these motions. The operating model is in place. A pipeline is governed through it and measurable momentum, as I highlighted, is building. We've simplified the cost structure, defined how work moves and connected activity outcomes through one operating cadence. Because every opportunity now moves through one commercial motion, leadership has earlier visibility and can redirect resources quickly, add specialist support to priority deals, reshape or stop low value efforts and maintain a clear view of conversion and economics, leading to revenue growth.

The result is clear ownership and a consistent path from opportunity again to qualified pipeline, signed business and more revenue. The end-to-end motion connects market focus, opportunity generation, qualification, solutioning and again, disciplined pursuit execution. We're focusing on priority markets, as Harsha highlighted, white space, buying centers, account signals, generating interest through coordinated campaigns and lead generation and moving qualified, again, qualified opportunities into sales through consistent handoffs. Qualified opportunities receive solution modeling, executive storytelling, pricing and risk review and disciplined bid decisions. Harsha highlighted that discipline earlier.

Those activities are designed to improve conversion and design business, client insight, win-loss analysis, then strengthen the next cycle. Everything becomes repeatable. As signed deals move through implementation, today's pipeline and pursuit improvements again become future revenue. Four enablers specifically reinforce the motion, practical AI training, additional lead generation capacity, stronger executive storytelling and proactive communications. Market expectations make this absolutely urgent.

ISG's 2026 state of BPO research found that clients expect more work, innovation and better outcomes without proportional headcount growth. That favors providers combining domain expertise, AI and operational control. Our commercial operating model is now built to turn those capabilities into stronger opportunities and differentiated pursuits meeting that market demand. Three connected growth engines now drive the commercial motion. The demand center combines market and competitive intelligence, new logo development, sales and buyer enablement and direct customer input.

Its role is to improve win probability at the front of the funnel by targeting the right accounts and buying centers, qualifying real client need and ensuring cleaner handoffs into the sales engine. Our solution architect group then translates qualified client needs into differentiated scalable models with clear outcomes and favorable economics that raises win probability by reducing complexity, strengthening the reason to choose Conduent and enabling broader cross-selling. And the deal desk brings it all together, governing opportunities from qualification to decision, integrating sales operations, pursuit management, proposals, pricing, risk review and strategic coaching. It improves our win probability by concentrating our resources on the winnable deals, sharpening the pursuit narrative, resolving risks earlier and using our win-loss evidence now to improve each subsequent bid. Together, these engines strengthen the 3 conditions required for better commercial outcomes, higher quality opportunities, more differentiated and economically sound solutions and disciplined pursuit execution.

The connected model gives our team stronger basis for converting priority opportunities into, again, signed business and future revenue growth. With these 3 growth engines connected, our resources are aligned to 3 priority segments as Harsha and Giles highlighted as well, health care operations, financial operations and enterprise operations, a very strategic direction for the organization. Clients increasingly buy solutions to end-to-end business problems, not isolated capabilities. This focus allows us to combine our process expertise, technology and delivery around outcomes clients value. This focus is also where we build specialist talent, partner and compete, concentrating our capabilities where client access, domain expertise, delivery strength and economics give us the strongest competitive position.

Focus determines where we compete as well. Our operating cadence is now consistent, it's time bound, and it's turning shared performance data into resource decisions, strengthening priority pursuits, correcting underperforming motions and stopping the work that does not meet our defined thresholds. As Harsha walked through the 3 steps of a successful model, we talk about the commercial operating model already established and that the next advantage is specialization. We now focus on our best capabilities where domain knowledge, operating expertise and technology can produce those differentiated outcomes. The market is rewarding providers that move beyond generic labor models and combine industry expertise, data, AI and managed operations.

Pause because it's important to know now that Conduent competes from its strengths, deep process knowledge, scaled operations and technology that connects intelligence with execution. Our 3 portfolios, segments of the business convert specialization into a clear commercial structure. Health care operations addresses complex member, provider, payer and administrative workflows. Financial operations applies processing, analytics and automation to high-volume, high-consequence activity. Enterprise operations connects it all, employee, customer and back-office processes.

The addressable market is extremely attractive. Grand View Research estimates the global Business Process as a Service market at approximately \$106.9 billion in 2026, growing to \$193.1 billion by 2033, an estimated 8.8% compound annual growth rate. Industry results reinforce this market opportunity. Providers combining deep data expertise with data, AI and managed operations are capturing the client interest and growth, and that will now be Conduent. Our priority positions align market growth with Conduent's strongest advantages, deep domain expertise, technology-enabled delivery and the ability to produce differentiated client outcomes with compelling return.

Let me give you an example in the health care space. So this illustrates how our health care capabilities converts domain expertise into differentiated technology-enabled solutions across the health care value chain. These 5 capabilities support member and provider interactions end-to-end, turning documents and communications into usable information, automating claims, payments and administrative workflows and applying analytics and AI to identify risk bottlenecks and recommended actions. Combined with our deep health care expertise, scaled execution and human judgment, these capabilities address individual points of need or connect them, as you will, across the end-to-end journey. Together, they reduce administrative costs while improving clarity, speed and consistency for the user.

Now I'm going to give you another proof point. Conni is one way we connect these capabilities, the Conni AI platform. You may recall Conni as an AI -- you may recall Conni as an AI-powered conversational experience. In partnership with Microsoft, we've evolved that technology now into a governed enterprise-grade platform, now delivering measurable results in client use cases. The Conni AI platform connects engagement, intelligence and execution across complex workflows.

Her orchestration layer interprets the real need in real time and coordinates the right combination of AI agents, enterprise systems, business rules, automated workflows and human expertise, all in one interaction. Conni connects an interaction to an operational trigger to action processing a transaction, updating a system, initiating a workflow, recommending a next step or escalating an exception in real time. Built on Microsoft Azure, the Conni AI platform provides the security, scalability, governance and integration required across modern and legacy environments. The results we are realizing demonstrate that we are moving as an organization beyond AI experimentation to measurable operational and economic outcomes. Again, intentional words you will hear me use over and over again.

The Conni AI platform has already produced measurable results and received meaningful external validation. We were recently selected from 40 entrants as the winner of a leading health care organization's global innovation challenge for a personalized agentic AI Navigator built on the Conni AI platform. The solution turned complex health care information, including explanation of benefits and prior authorization communications, that of which we've all probably struggled with over time into personalized 2-way conversations that clarify what happened, what it means and what to do next. The orchestration layer then connects the user to the appropriate workflow, system, automation or if deemed necessary, human experience. From explaining the multiple charges in an EOB to submitting an appeal for an erroneous charge, the Conni AI platform can turn multiple phone calls and frustrating manual escalations into a single coordinated resolution.

The solution has delivered already. 86% of inquiries resolved without a human agent needed, ninefold higher consumer engagement, 21% fewer live agent interactions and a 24% reduction in average handle time with an estimated 8% to 14% in reduction in total health care costs. Again, these are meaningful metrics that matter. These results demonstrate the platform's ability to improve the consumer experience and operating performance with the potential to generate meaningful health care cost savings to all involved. This use case demonstrates the platform's potential to extend across other complex high-volume workflows where engagement must connect directly to operational execution in other segments that we are focused on today.

The strategic value of proof, though, is the ability to identify what is repeatable and ready to scale. We're codifying what works and extending it with discipline, not expanding every initiative we see. We're applying a disciplined scale test, sustained market pull, clear client value, commercial traction, repeatability and compelling, again, unit economics. That selectivity reduces complexity, sharpens execution and strengthens the potential return of each scaled motion. We are scaling those motions that deliver strong conversion, delivery confidence, margin potential and reuse across clients or markets.

Each proven solution strengthens the next pursuit as designed. It reduces the design effort and accelerates time to value. We're entering the next phase as both Harsha and Giles walked you through with clear momentum and a defined path to scale. Again, client and sales team coverage has increased 60% over the last 10 months. By 2028, we intend to reach 3 times our current pipeline coverage, measured by qualified opportunities per covered account, not activity alone.

The new business pipeline is up 12% year-to-date, demonstrating that broader coverage is translating into qualified opportunities. Our 2028 ambition is an annual qualified pipeline of \$1 billion, governed through the stage progression, conversion and revenue contribution metrics and measures that we've put in place. New logo pipeline has more than doubled, again, increasing 106% year-to-date. That acceleration is broadening the growth base and indicates that the commercial model is generating meaningful traction beyond just our existing clients. By 2028, we intend for new logo clients to represent 30% of our total pipeline while maintaining this rigorous qualification and economic discipline now in place.

We have the operating model. The market focus and the proof points are in place. We will measure execution through qualified pipeline growth, conversion, new logo mix, time from signing to revenue and the economics of scaled solutions and hold the organization accountable for delivering our 2028 ambitions. So what should be the pieces you take away from today and understanding the new commercial growth engine that is operating. Our new operating model is building a stronger commercial engine and the results are already visible.

If there's one thing you should take away, it's that momentum and traction already in place. Now it's about the results continuing to grow. The portfolio is focused, execution is disciplined and commercial momentum is evident. The actions we have taken are improving coverage and generating stronger qualified pipeline. The leading indicators we expect to translate into signed business through implementation, future revenue and sustainable growth.

We've established the model, installed the discipline and are delivering measurable progress. Our focus now is to translate that momentum into sustained performance against the defined 2028 ambitions. We will get there. We are doing it already. We are excited to see what the years ahead will hold.

With that, let me turn over to my esteemed colleague and I'll say much older brother, Mr. George, show me the profit. Wehbe?

George Wehbe - *Conduent Incorporated - President, Commercial Solutions*

As we position Conduent for a durable and profitable future. This morning, I will share with you an overview of the products and services we offer, the industries we support, market trends and key priorities for the next 12 months. Let me start with why I'm excited about this business. Conduent has real breadth. We support mission-critical operations across multiple industries, and we are one of the most diversified, AI-led technology-enabled providers in the market.

We are not a single-line provider focused only on customer experience, document processing or finance, accounting and procurement. We bring clients a broad end-to-end value proposition across the industries we support.

The health care industry is a great example. We support payers across the entire claims life cycle from claims platform management itself to inbound and outbound communications, claims processing, adjudication, customer contact and payment integrity. Financial operations is another example. We support retail and consumer banking across account opening, lockbox, print and mail, document processing, contact center and much more. In addition, we have industry-agnostic offerings such as finance, accounting and procurement, including source to pay, order to cash, record to report.

We have human capital solutions such as HR, payroll and total benefits as well as legal, compliance and analytics that supports case management and eDiscovery. That breadth, depth and domain expertise is a real differentiator for Conduent. You can see that breadth and scale in the numbers, 500 million health care claims processed, 4 of the top 10 US banks are clients, \$245 billion in payables processed by our finance, accounting and procurement teams, 2 billion customer interactions. Across health care, financial and enterprise operations, we are significant players with deep domain expertise in the processes that matter most to our clients.

So the starting point is clear. Conduent is a major multiline BPS provider with the capabilities to compete and win. That foundation matters, but the markets continue to evolve. So our priorities reflect three inputs: market trends, client needs and where Conduent must sharpen its focus. So what is the market telling us?

As Harsha mentioned, clients are increasingly outcome-focused. Costs will always matter, but clients also expect faster cycle times, less rework, better customer experiences, stronger revenue performance and more consistent results. Second, clients expect work to be completed through digital channels and less through your traditional labor-based models. Historically, greater productivity has translated to fewer FTEs and lower provider revenue. Going forward, providers must increasingly monetize results, not labor.

So the market is moving towards outcome-based pricing. Clients are increasingly wanting to pay for measurable results, such as transaction completion rates, first contact resolution or claims accuracy. Providers that deliver those outcomes both efficiently and consistently will be rewarded. Finally, clients want modular access to specific capabilities without committing to large multiyear transformations. These shifts are shaping the market, and Conduent intends to help shape the response.

With that background, let me share the business priorities we are focused on. Using the ASCEND framework, I'm going to demonstrate how we're building more standardization across our operations and technology infrastructure and how we are investing to further specialize our

solution sets. Kim has already covered the scale opportunity for Commercial. I'll build on that by focusing on 2 areas that are central to our next phase, standardization and specialization. Let me start with standardization.

Since joining the company in January of this year, my primary focus has been to improve the economics of the Commercial business. That means addressing the cost base and strengthening our operating model. We have taken several actions. We have upgraded the leadership team with new talent, reduced management layers and improved management spans. We've simplified the organization by consolidating similar functions, including workforce management, quality, reporting, analytics and other common areas under single leaders to drive economies of scale.

We've consolidated vendors, contractors and tools to better leverage our pricing power. And we are working through underperforming accounts, improving economics where we can and making disciplined decisions where we cannot. The result is real progress. In the first half of 2026, Commercial adjusted EBITDA margins improved by 120 basis points. And we believe we have an annualized expense reduction opportunity of \$80 million in 2027, which we are pursuing with discipline and rigor.

The next area of focus for standardization is our operations and technology functions, especially through the use of AI. We are approaching this through 3 lenses. First, AI deployment across our technology teams. We are helping our software engineers become more productive. We have rolled out a standard AI-enabled toolkit, completed formal training and are already seeing benefits.

Second, client operations. Much of our work includes high-volume rules-based workflows. The opportunity is to automate more of that to improve both the efficiencies and the outcomes. Third, our approach to technology-based investments. Historically, we've made many decisions around a single product or a single solution.

Going forward, we are biased towards reusability, a build once, serve many approach that can lower cost and improve speed to market. As I mentioned, we are already seeing early results. Two brief examples. Code review. We deployed AI-assisted code review and have reduced peer review time by 70% while maintaining code quality.

Second, legacy code migration. When doing a system or a platform migration, legacy code needs to be analyzed and gaps in the Go-To system need to be identified, so we can create user documents to build from. That can typically take anywhere from 3 to 6 months, depending on the size of the effort. For one particular project, with the assistance of our AI toolkit, the team analyzed legacy code and converted 26 screens into 197 user story documents, work that would have normally taken 3 to 6 months was completed in less than 4 weeks. These are just 2 examples, but they demonstrate meaningful productivity gains.

We expect more as adoption grows. We're also building reusable Conduent IP. In our document processing service, we've created common orchestration and reusable components for classification, extraction, validation, workflow and integration. Each document is routed to the right OCR or AI engine while preserving one consistent end-to-end process. The result is less duplication, a simpler technology landscape and a scalable foundation across clients and workflows.

Over the next 18 months, we plan to scale these early successes through a standardized AI operating model. Rather than fund isolated initiatives, we are building reusable capabilities for engineering, operations, product modernization and client migrations. By the first quarter of 2028, our directional targets are a 30% to 40% improvement in AI-enabled software engineering throughput, 10% to 15% less effort in targeted operational workflows, twice the migration speed to current product platforms and more than 75% adoption of standardized deployment models in targeted areas. Together, these targets create repeatable operating leverage, helping us modernize faster, deploy more consistently and deliver greater value at scale. Standardization will provide us with the operating leverage to create increased capacity and resourcing so we can focus our investments on the high-value workflows and processes where Conduent is best positioned to win.

We are concentrating those targeted investments in three areas: first, building unstructured data processing capabilities; second, modernizing our platforms through AI and cloud; and third, bringing more advanced analytic capabilities to our clients. Let me give you a few examples of what that looks like in practice. Most of our solutions deal with data as a starting point, whether that is data from documents related to

claims, purchase orders, checks, you name it. Our solutions convert large volumes of information into business decisions. Health care claims are a great example, where most forms and correspondents contain both structured and unstructured data.

We already process structured data very, very well. The opportunity is to automate the unstructured content and use it to improve decision accuracy and timeliness. We've been working with a large health care payer client on this exact thing. In support of their claims process, annually, we receive about 1.2 million explanation of benefits or EOBs. With the use of AI, we're now able to ingest and read multiple EOB formats, extract the required information and convert it into structured data that can be automated.

We have automated approximately 60% of that client's EOB volume, greatly reducing their claim resolution time frame and generating approximately \$800,000 in savings for Conduent. The value extends beyond one client. We can reuse capability across other workflows, products and industries like purchase orders in finance, accounting and procurement, property damage forms in P&C for our P&C customers, mortgage document processing for our banking clients and many others, all bringing value to clients and bringing growth to Conduent. The second area is platform modernization. Many of our solutions run on proprietary platforms, creating a significant opportunity to add AI and cloud capabilities.

We're building road maps with key partners to accelerate that work. Life@Work, our health and wellness benefits platform, shows the progress we can and have made. Over the past few years, we've modernized Life@Work as an open architecture platform that integrates market-leading technologies such as Jellyvision and TALON and brings AI-enabled capabilities to the employee benefits experience. As Kim mentioned, we also built Conni, our generative AI chatbot on Microsoft Azure. Conni gives employees personalized benefit guidance in addition to acting as a hub for other services, such as live support through voice or chat.

Life@Work is live across multiple clients and delivering value to their employees. As Kim mentioned, we're now advancing to the next phase, which includes Agentic workflow and outcome completion capability. Life@Work demonstrates our disciplined approach to modernization, an approach we intend to replicate across other priority platforms. In fact, we're in the process of doing the same right now for our health care claims solution, Health Solutions Plus. The third area is analytics.

As mentioned, we provide our clients with complex data-intense services in support of their critical business decisions. We believe we have a strong opportunity to embed more advanced analytics into our products and services. AI makes that opportunity even more powerful. Let me give you 2 examples. The first example is our Payment Integrity business.

For health care payer clients, we review their claim payments and work to recover dollars tied to inaccuracies, erroneous payments and other related issues. With generative AI, we're able to analyze years' worth of claim payment history, their circumstances and resolutions and apply those insights to their current claims. With this capability, we'll be able to identify genuine recovery opportunities faster and more effectively for our clients. We will have this live in production in Q1 of 2027, and we're estimating a 50% reduction in investigative workload and a 6% increase in recovery rates. The second example is FastCap.

FastCap combines advanced analytics and generative AI, coupled with our deep domain experience in finance, accounting and procurement to find, prevent or recover leakage across accounts payable, procurement, contracts and supplier management and fix the root cause so it does not reoccur. FastCap has delivered \$900 million plus in client value since 2021, including \$75 million through August year-to-date and has grown from a recovery tool into a broader finance analytics platform. Over time, we plan to extend similar analytic capabilities across more of our portfolio. Let me close with 3 takeaways. We are a large, AI-led and technology-enabled player in the BPS market.

We deliver end-to-end solutions that are critical to our customers' business operations and have significant -- I repeat, significant domain expertise in the products and services we offer. We have simplified our operating model and have taken actions to structurally reduce the cost base. We're using a portion of those savings to reinvest in platform modernization, generative AI, automation and analytics. Thank you for your time today.

With that, I will hand you over to our Chief Bureaucrat and President of Government Solutions, Anna Sever.

(video playing)

Anna Sever - *Conduent Incorporated - President of Government Solutions*

Thank you very much. As George said, I am Anna Sever. I'm the President of Government Solutions, and I am a proud bureaucrat or a recovering bureaucrat, just to play in on that, George. I come to you with over 30 years of experience, either working directly in state government, including as a political appointee or working with some of the largest name brand contractors to state and federal governments. I appreciate you taking time to enjoy the video.

I think it's important to anchor both for our employees as well as our clients and our investors why we do, what we do, within Conduent Government Solutions. At Conduent, we help government agencies serve residents more effectively. Our portfolio is broad. It spans government health care enabled by technology, eligibility and enrollment solutions, payments, electronic benefits and child support. We primarily support state and regional agencies, but we do work as well in the federal market, and we will be growing in that market as well.

Our solutions help agencies determine eligibility, streamline enrollment, adjudicate massive amounts of claims and meet the requirements of government-funded health care. We also help ensure that benefits reach vulnerable populations through secure proprietary software and deep operational expertise, all while reducing the risk of fraud. One of the things we talk about in our Government Solutions is a no wrong door experience. The objective is straightforward. People should not have to understand government or government contractors in order to receive services for which they are eligible.

A resident may begin with a simple question about health care or food assistance or child support. And that question should then guide them to the right programs without having to go through repeated applications, repeated call centers or repeated outreaches. For agencies, that means that same connected approach creates a more complete view of residents, their utilization, improving service coordination and reducing administrative effort. For Conduent, it allows us to bring together technology, operations, payment analytics and customer service in a very specific way for that resident journey. Let me take you through the major components of our portfolio, beginning with health care.

And I do want to pause here and provide some clarity. In our health care space, in particular, we actually function more as a system integrator, bringing leading-edge Software as a Service to pay claims, provide pharmacy benefits as well as case management services. Medicaid is a key offering for us, both in technology, but also in our services side, more of the BPS work through our eligibility and enrollment platform. Many state programs still depend on legacy systems that are costly, difficult to upgrade and take years to modernize. These platforms limit efficiency, data visibility and compliance with both state and federal regulations.

I am pleased to say that our Conduent Medicaid suite, which we refer to as CMdS, gives states a cloud-native, modular Software-as-a-Service path from a legacy Medicaid management platform to a digital, interoperable, customizable, scalable Medicaid enterprise system. Because CMdS supports incremental upgrades, agencies can modernize in their own terms, in their own way while improving access, performance and alignment with both state and federal mandates. In New Mexico, we recently replaced a 24-year-old legacy system with our new modern CMdS platform, and it supports approximately 900,000 Medicaid enrollees. The result for New Mexico, faster claims, quicker speed to payment for providers, improved access to care and continuity of service. Key to this implementation is that it also embraced new initiatives that were specific for New Mexico, such as home and community-based services, the implementation of H.R.

1, which I will speak to in a moment, as well as Justice, Health. We also announced a multiyear renewal in Virginia to continue operating and modernizing their Medicaid claim system. That work supports approximately 1.6 million Medicaid enrollees and will improve access, reduce fraud and strengthen their overall performance. This is the foundation for our growth in Government. This is how we will improve.

We currently have about 40% of our revenue coming through the Medicaid technology vertical. And with that, we are in double-digit margins. So we see this as our place to invest and have repeatable foundation adjacent model expansion across the states. The significance of that foundation goes beyond a single Medicaid implementation. Medicaid programs are complex ecosystems and states do not all modernize in the same way or at the same pace.

A modular platform gives an agency the ability to address its most urgent need first, and it will be different in New Mexico than it is in Virginia, whether that is provider enrollment and credentialing, claims and financial payments, analytics, federal reporting, whatever is their priority, we can meet them where they are. It lowers the risk of implementation. It makes investments more manageable and targetable, and it gives the client a practical path forward to modernizing these very old legacy systems. It also allows us to broaden our relationships and make these long-tenure contracts, which, in some cases, are over 22 years old, stickier. New Mexico provides us an important proof point because it demonstrates that our technology can support scale, complexity and the mission-critical nature of Medicaid technology operations.

We also provide integrated Medicaid technology reporting and analytics through enterprise data warehousing. And we do this through a variety of ways through partnerships as well as on our own. Our goal is to strengthen the operations for those states so they can identify fraud quicker and meet their federal reporting requirements. In our pharmacy benefit management area, states are facing rising prescription drug costs. We all are.

We know that, that is the state of the market right now. They're also facing incredibly constrained budgets and increasingly complex processes as retail pharmacies close and there is less and less access. Our Medicaid pharmacy management capabilities address these pressures by streamlining prescription cycles, controlling costs, identifying gaps in care and improving coordination. We do this through a platform we call FlexRx. This is a web-based platform, and it processes prescriptions claims and helps manage health care across the pharmacy portfolio.

Now let's turn to eligibility and enrollment. If I think about Medicaid, we started on the back end, the back bookend. Now let's turn to the front end, which is eligibility enrollment. Agencies currently are facing tremendous pressure as new requirements come along that require both eligibility application process, validation and responding to constituents to massive amounts of confusion. CXNow for Government brings interactions, data and workflows together on one secure platform.

It supports voice, chat, e-mail, SMS and uses AI-enabled automation. We currently are using AI-enabled automation and quality monitoring and analytics. All of this is based on the security requirements that are fundamental to government programs. The overall result, less friction, shorter call times, better response and first call resolution.

In payments and electronic benefits, Conduent is a leader in government disbursement. This is our financial operations, as was spoken to earlier. We support closed-loop benefit cards, which means that they are restricted by which retailer you can use them with and for what services for things such as SNAP or supplemental nutrition assistance program or electronic benefits or you might remember it as food stamps, depending on what general genre you're from as well as TANF, which is temporary assistance to needy families, also known as welfare; and WIC, which is women, infants and children.

We also offer open loop payment solutions, which don't carry those restrictions on them that are largely used for child support disbursements as well as unemployment insurance disbursements. All of these programs are supported by our VeriSight anti-fraud suite, which helps protect public benefits. This includes both AI-enabled predictive modeling around where fraud might be occurring as well as chip-enabled tap-to-pay EBT technologies and intelligent controls that can block out-of-state and online transactions and features that allow a resident to lock and unlock and control their card and receive real-time alerts.

We are working with Alabama, New Jersey, Oklahoma, Virginia, Pennsylvania, right at this moment to implement these chip cards for SNAP and to prevent fraud. Now why does this matter so much? This matters because in the payments portfolio, security is not an abstract technology issue. When benefits are stolen, that impact falls directly to a household that may already be living paycheck to paycheck on a good day. And that puts more and more financial pressure on those families.

It also puts pressure on the agencies because of the fraudulent claims that they have to deal with from a legislative inquiry perspective.

So agencies need tools that prevent suspicious activity, such as our AI-enabled Veracite without making it difficult to get access to the fundamentally needed services. Our approach combines strong card technology, real-time controls, resident-facing controls and operational insights that helps to protect publicly funded services. It gives residents more control and the agencies more control. And it is a clear example of how we use technology to support both program integrity and individual resident experiences. Finally, in child support, we work in about

half the states to support the state disbursement units that are federally mandated for states to collect, process and disburse court ordered child support.

We also have a tool called ExpertPay, which is used by a lot of employers to garnish wages and redistribute those across the child support portfolio. That is available to any employer in any of the 50 states and territories.

Now let's go to the next slide. This slide illustrates our footprint. And hopefully, you can see the color coding by the portfolio. What I want to outline here is, as we discussed in the total addressable market review that comes further in my presentation, we really have only reached saturation in 2 to 3 states. This is key and fundamental because it means we have substantial white space for growth across the country.

In fact, in Medicaid claims and Pharmacy Solutions, we are in just 17 states. While in eligibility and enrollment Solutions, we're in 15. That gives us a limited but a starting footprint with meaningful, meaningful room for expansion that we will capitalize on.

Now let's talk a little bit about market trends. Over the past 2 years, I've met with numerous agency leaders, legislators, governors, policy stakeholders across the country. These conversations reinforce a consistent message that I hear from the government. Government agencies are operating through unprecedented change, heightened security concerns, evolving policy priorities, increasing cyber threats, incredible budgetary pressures and workforce constraints.

In comes Conduent. At the same time, agencies must modernize aging systems while meeting residents' expectations for immediate digital-first experiences. At a recent conference for Medicaid enterprise systems leaders, we were asked by no more than -- no less than 10 states to demonstrate the new CMdS technology that we deployed in New Mexico based on sheer interest and word-of-mouth marketing that had occurred. Agencies also need greater agility and policy to meet policy and regulatory requirements. The new eligibility and program administrations associated with the One Big Beautiful Bill or HR 1 are one example.

As we speak, today, CMS is still putting out guidance for a go-live date of January 1, 2027. This is for community engagement, and it is not a simple policy change. It represents a significant eligibility operations transformation. States must begin their implementation this week, October 1, 2026, or their January 1, 2027 start date. It's a compressed time frame.

They've got to revamp eligibility systems, establish multiple verification processes, train workers, update notices to residents, testing, completion, all wise managing to keep the engines and the wheels on the bus going round and round on a day-to-day basis. The implementations are not just on the front end of Medicaid. They're also on the back end.

Systems are being challenged to provide data that identifies areas of individuals that may not be eligible or required to do community engagement. This includes medical frailty, individuals with functional limitations, disability determinations, caregiver hardships, et cetera. All of this has to be done and identified based on data sourcing. This is unprecedented folks. Medicaid claim systems have never been used in this way.

So we are partnering with our state governments to help them to gain alignment as well as with our data, third-party data and TANF and SNAP and any other data that the state deems eligible so that we can ensure that member communications are crisp. There are no risk, unnecessary risk of disenrollment and that there is no audit risk for state customers.

SNAP is also changing. General work requirement exemptions for several populations went into effect in February. Beginning, again, October 1 this week, the administrative cost split changes. It previously was a 50-50 share between the federal government and state government. Beginning this week, that switches to a 75% share.

75% on state governments for the administrative costs. States want more efficient and effective systems. They now have a financial incentive to pursue those. In addition, states are under pressure that if their error rate exceeds a certain threshold, they may have to cover the cost of some of the benefits. Hence, why the Veracite tool that we've been offering to states is getting great reception, and we believe will be tremendously helpful in states not hitting that critical level for where they have to pay for benefits.

For agency leaders, the challenge is not simply interpreting policy. They must translate the policy as it's being written into their systems, as they're being developed, develop workforce plans, all while being constrained budgetarily. Each decision across this landscape affects another set of the organization. For example, as eligibility front-end processes and redeterminations change, so do appeals, so new notices change. So everything has to be integrated and aligned to ensure accuracy, experience, access to care.

That is why agencies need partners like Conduent, and we, our role is to help them move from requirement to implementation to convert mandates into practical applications and scalable operating models. These changes are likely to increase state interest in automation. They're not likely, they have increased interest in state automation and integrated eligibility, in workload management, in operational efficiency. And guess what? Those needs align with Conduent's core capabilities perfectly.

Now let's turn to our pipeline and where we see the greatest opportunities ahead. As you can see, our pipeline is well distributed across our service area, and that mix aligns closely with where government agencies are investing. As was mentioned before, for 2027, we have approximately \$2.7 billion in the pipeline. Looking ahead to 2028, that goes to \$2.6 billion. These figures demonstrate the strength of the opportunity in front of us, but the timing matters.

Government procurement is highly regulated and requires patience, discipline and tenacity. From the release of an RFP to an executed contract, the process can take as long as 300 days. So we have to have multiple aggressive pursuits going at the same time. That long cycle shapes how we manage our business.

We have to identify opportunities early, understand the agency priorities, align the right solution and partners and stay engaged throughout the procurement evaluation, award and implementation. It also means that pipeline quality matters as much as pipeline size. We are applying greater rigor to our qualification process so that our teams focus their time and their investment on opportunities where we have a differentiated solution like CMdS, relevant experience, credible references and a clear path to value for clients. The discipline improves our probability of winning and helps ensure that we -- what we sell, we can successfully deliver. So while this is a substantial pipeline, converting it to revenue is a deliberate, multistep methodical team score to use Kimberly's analogy.

Our focus is on pursuing the right opportunities, executing consistently and positioning Conduent to win.

Now let's talk a little bit about where we are from a growth efficiency standpoint. We have a strong financial position to start with. Our margins are good, always have the opportunity to get better, right, Giles? And we have a solid foundation for growth. We have a durable revenue base with not a lot of leakage at the moment.

And we have tremendous, tremendous potential in front of us. In addition to the approximately \$2.7 billion in the 2027 pipeline, our 5-year pipeline, and that's what we like to keep for government is a 5-year pipeline exceeds \$17 billion. And that is with us not having really focused on 2029 through 2031. So that number will continue to grow.

Historically, you might say, why haven't you grown? Well, historically, our growth was constrained by how we invested, but that has changed. In 2026, with the CMdS going live and investments in provider module and new partnerships, we are now positioned for sustained growth, greater efficiency and stronger momentum forward. Now successful growth depends on successful implementation. And as Harsha said, this is an area where we have opportunities for improvement and improvement we have.

We have launched several initiatives to accelerate execution and create a more consistent, repeatable delivery model for implementations. It is grounded in scope management, time line, budget with the use of AI to expedite the processes, particularly in our large systems. Our goal is to move implementation from a reactive delivery function to a disciplined capability that protects growth, strengthens client confidence and reduces execution risk or revenue risk.

During 2026, we focused on getting back to the basics and aligning implementations more closely with the business. Overall, the implementation portfolio is healthy, although we continue to work through some legacy effects from older implementations, but our work has paid off. We are seeing real progress in the ways we address implementations, particularly in our current Virginia implementation, our

Pennsylvania EMV implementation and our Maryland and US Virgin Islands WIC implementation. It demonstrates what is possible with new leadership alignment, stronger processes and management from the start.

We are moving away from a project-by-project heroics approach towards a common operating model for implementations with clear accountability, repeatable governance, and this is key, repeatable governance based on solutions and products and early visibility into risk for remediation. Today, we have 87 active implementations of a varying size, all from the very large CMdS implementations to smaller project implementations. These implementations are in good health as we have applied the repeatable data-driven client focus process. The changes we are making are practical.

We are creating clear ownership at each stage of the implementation, establishing the common measures of health, identifying issues early and escalating decisions before they affect key milestones. We are also strengthening our connection between the front-end sales and solutions and implementations so that the same processes are carried throughout, and there's a strong handoff. The team delivering the work must understand the commitments that were made during the sales strategy and the Pursuit team must incorporate lessons learned from other implementations into new pursuits. This closed-loop approach helps us manage more tightly the scope, manage and improve the client experience and increase steady-state operations speed.

Technology is advancing almost daily. So our strategy must be deliberate. And as I said before, keep in mind that for a good part of my portfolio in the Government Solutions, we really do function more as a system integrator. And for the other part of the portfolio, we are a BPS company. First and foremost, our technology must enable our clients' missions, make government services seamless for eligible residents.

It must also fuel growth in our existing markets and adjacencies. We deliver mission-critical solutions for federally matched and statutorily regulated programs. These solutions must be accurate, secure, efficient and responsive to agency expectations.

Our strategy rests on several core pillars, and I will condense it down to 4. The first is customer centricity and experience, providing timely, accurate answers through the channels each customer prefers. The second is trusted, interoperable data. Government contractors or government systems often rely on multiple contractors and multiple systems for their data. Our technology must provide seamless access to systems of records wherever they reside.

So agencies can deliver high-quality enterprise reporting.

The third for government is compliance and security by design. Clear guardrails and alignment with mandated government security requirements are nonnegotiable. The fourth is hyperautomation rules-driven processes. Just as George spoke about using AI to bring legacy code into new systems, we, too, are doing the same thing across our portfolio. Our systems manage complex rules or functions such as eligibility determination, claims and financial payments.

A configurable framework allows agencies to remain nimble as policies such as H.R. 1 evolve.

Taken together, these pillars allow us to modernize without losing sight of the mission. The goal is not technology for technology's sake. The goal is to help an agency make a decision faster in an easier manner, detect risk earlier, answer residents' questions more clearly or adapt to a policy change with less disruption. When technology is modular, interoperable, secure, configurable, agencies gain flexibility and reduce administrative costs. This is a standard against which we evaluate our road map and our investments.

For our technology platforms, we are looking to use AI to increase the speed to deployment and reduce cost by well over 10%. We will create repeatable, modular GHS, Government health services and eligibility and enrollment services offerings with a standardized core, reusable implementation assets, all while targeting adjacencies, such as we've done with provider enrollment, pharmacy capabilities and now as we're looking at home and community-based services for Medicaid. All offerings are on a stable platforms with common APIs, configurable policy and workflows, layers with shared reporting, audit and governance frameworks. We've also embedded security and fraud controls across these platforms that allow us to continuously monitor and detect and prevent misuse. And we rely on resilient, modular

architecture so that modernization and upgrades can be delivered continuously rather than through disruptive big bang approaches to legacy modernization.

Now let's talk about AI. I'm going to leave the full talk about AI to 2 esteemed colleagues, but I want to reference it a little bit first. AI is now a frequent topic when I talk to government agencies. They are concerned, they're fearful and they're also excited all at the same time. Agencies are not looking for experimentation for its own sake.

They want practical secure outcomes. We see AI as a way to enhance people and improve productivity, freeing employees to focus on really complex situations and where they need to have judgment, listening and human understanding. Across Conduent, we are applying AI to create high-quality, repeatable, secure and standard-driven solutions while reducing time to delivery. Because we are the custodians of client data, being responsible of this client data and founding this integrity and security of this client data is foundational.

We are also being intentional about where AI belongs and where human judgment remains central. In government programs, accuracy, transparency, privacy and accountability are essential. That means establishing clear controls, validating outputs, monitoring performance and keeping people responsible for consequential decisions. The most valuable applications are those that can define a problem and produce a measurable result with fewer manual steps, faster response, stronger quality and better fraud detection. That practical orientation allows us to scale what works while maintaining the trust of our clients and the people that we serve.

Our solutions center on four purposes: First, protect people by identifying and reducing fraud. Second, anticipating benefit fallout by identifying individuals at risk of leaving the process and streamlining reverification. Third, enabling proactive engagement through conversational AI, virtual assistance and domain-specific chatbots. Fourth, empowering employees to make better first call resolution responses through the use of agent-assisted tools.

Next slide, please. Our investment process has been incredibly focused, and we are grateful that we've had the opportunity to invest in market-leading activities going forward. We are focused on stabilizing the core and investing in agencies and expansion areas, all while using AI to lower costs and shorten time to delivery. Our planned investment in 2027 spends about 71% of the dollars on Medicaid technology and functionality. We see this as the strongest combination of client need, market opportunity and strategic fit across the Government Solutions portfolio.

Before we expand, we have to make sure the core is stable, secure and referenceable, and we have done that with CMdS.

We will then leverage it to address adjacent client needs and open new markets. We will continue to evaluate investment against clear criteria, the size and timing of opportunities, alignment with our existing strengths, client demand, implementation readiness and the potential to create reusable intellectual property. This discipline helps us concentrate capital where it can have the greatest strategic and financial impact rather than just spreading investment too broadly.

The view of the total addressable market reinforces just how much white space remains and explains why I'm so excited and full threaded belief that Conduent Government Solutions can grow significantly. The TAM for Government is about \$18.4 billion. Currently, we are at about a 5% penetration. We have much space to go and many, many more clients to serve. The TAM for federal, if you just look at health and civilian agencies, is \$41 billion, and our existence in the federal space is only in the millions.

We have great opportunity for growth across federal government as well as state and local government. At the same time, we are stabilizing our payments platform, so that business can move from defense to offense and grow aggressively.

We are also leveraging partnerships as a better way to provide the best of breed to our clients. We partnered with Deloitte, Navitus and SAS, just to name a few. Our growth opportunities come from an understanding of the market, anticipating client needs and delivering outcomes that reduce cost, improve efficiency and elevate the citizen experience. The white space is meaningful. I know I've said that before, but I keep reiterating, the white space is meaningful, but we will approach it selectively.

We are not trying to pursue every opportunity in every market. We are prioritizing states and programs where client needs align with our platforms and where our implementation experience is relevant and where we have sustainably attractive economics across the full deal cycle.

This focus gives our sales and delivery teams clear priorities and allows us to build stronger relationships before procurement begins with state agencies. It also helps us bring the organization to the opportunity, product, technology, operations, government affairs, capture delivery, all coming together as a team rather than working as individual, what was the word Harsha didn't like, silos in the organization.

Next, let's look a little bit more about the 2027 pipeline. As I've said now several times, claims and financial is where we're putting our big bets going into 2027, and it represents 47% of our pipeline with double-digit margins consistently. The federal market, as Giles has said, too, is a huge focus for us because our penetration there is almost nonexistent, and we've got great opportunity to grow. The challenge being the federal market, if you can believe it, moves slower than the state market in some cases. But over the past year, what we've done is we've laid the foundational groundwork for growth to reestablish our presence in the federal market.

That means doing things like getting on contracting vehicles, establishing federal sales leadership, becoming a thought leader in the federal market.

And the reason this is so important to me is federal and state revenues are typically countercyclical. So having a good strong footprint in both protects the revenue of the Government Solutions division. Our strategy is to build federal qualifications and references through subcontracting and partner-led delivery, all while shaping priority opportunities 18 months out that allow us to prime deals in the federal market and have a 5-year sustainable pipeline. As we strengthen our qualifications and agency relationships and contract access and delivery readiness, we will be positioned to convert that federal pipeline into repeatable wins, both as a prime contractor as well as a sub.

So let's get down to brass tacks. How do we win? You'll see the big star on New Mexico. We build on the successful implementation of CMdS in New Mexico, and we focus our 2027 resources on the states where we have the strongest opportunities. And I'll be bullish enough to call them out.

Those states including California, New York, Indiana, Maryland, Michigan, Louisiana, North Carolina, Illinois, Massachusetts and Florida. A lot of these are you'll notice are our big states. Some of them are smaller states. Again, you want to have a good pipeline mix across the investment area.

This targeted approach includes focused investment, dedicated teams, utilization of government affairs for business development and support. These markets generally include only 3 to 4 competitors. Historically, our ability to win new revenue was constrained by underinvestment in our products. That problem has been solved. We have modern solutions and referenceable delivery and with a sharper capture strategy and a new focus on winning new logos.

No longer will we be satisfied with just add-ons. We will aggressively pursue and win our fair share of new logos, particularly in the market where we only have 3 to 4 competitors.

Now let's talk a little bit about our growth execution plan. First is a mindset. We have repeatedly said to all of our leaders and our employees, everyone sales. I do not care if you are on a phone call with a citizen. It is a sales job because your ability to manage that individual interaction comes back to the state and they hear it.

They hear the good, the bad and the ugly, and that then becomes a reference for us. We are balancing shared accountability for growth and client impact with our contractual responsibilities. We have streamlined the organization and condensed our P&L ownership into 2 strong tranches. That increases our speed to execution on things such as AI, and it also allows us to align shared services to more directly align with business priorities.

We are also positioning consultants as extensions of the sales team and also advancing automation and upgrading some of our critical talent. Let me give you a real-life example. Nebraska, if you'll recall on the state chart, was a state where we had absolutely no presence until recently. We were able to secure a new logo win in the state of Nebraska. And let me be fully transparent.

In the past, across criteria that include technical approach, referenceability, price, quality and implementations, we would have scored highest probably on price for having the most competitive price. That dynamic shifted with Nebraska. We scored highest across all the categories. This gives me the confidence that we have fixed some of the internal challenges we had to growth, and we are now poised to grow like gangbusters. This outcome reflects the operating behavior we want to repeat again and again and again.

Winning is not the function of one person. It is a team sport. It required the solution team to demonstrate value, the pricing team to be incredibly competitive and the implementation to align with the RFP at the beginning. When these elements are all in line, we are unstoppable, and that is where we plan to be moving into 2027. As I said before, we've simplified our operating model, and we've taken out a significant amount of cost.

Next slide, please. The third is market expansion. In existing states, we are moving beyond a renewal-only defensive posture and pursuing deeper cross lines of business penetration and targeted adjacencies in Government healthcare, eligibility, enrollment and HCBS waiver services. This means expansion of government relations resources to open key influencers' doors in the 10 states that I outlined for 2027. We are also pursuing existing expansions where we can for adjacent services.

For example, call center. We don't just focus on Medicaid eligibility for call centers. There are many other call center or citizen engagement centers that are available that we are also pursuing.

In federals, we are building the contracting partners and delivery capabilities as well as the compliance capability required to scale, leaning on our existing offerings such as our back-office digitization, administration and health IT. We are also considering targeted key marketing leading industry events to strengthen the brand and the presence and the awareness of Conduent. When Harsha said, It's the new Conduent, that's the message we are sending to government agencies. It is the new Conduent, and we are here to help you.

Fourth is embedding AI. We are applying AI both internally and client-facing solutions across call centers and technology. This accelerates as well our speed to response on bids and improves our overall quality by using AI to do quality monitoring.

Next slide, please. Fifth is targeted growth. We are aligning investment with portfolio strategies, stability needs and market gaps and the opportunities with the greatest potential, as I have said. These priorities are supported by changes already in flight. We resized the organization to fit the business.

We brought technology into the business. We have sales focused on Medicaid in a territory model. All of this helps us operate as one Government Solutions team. We will continue to look at things such as payments and child support as potentially a specialty seller model. But for the Medicaid resources, it will be a territory model that we maintain that greater industry intimacy with Medicaid leaders.

I've already spoken about how we've strengthened our presence in government in conferences as well as our proposal solution and capture design processes. And we are continuing to refine that process on a day-to-day basis, not unlike what Kimberly is doing with the deal desk in the commercial world. One of the other places we're looking is to bring in Medicaid consultants who have left and been out of the government for a year, who then can provide good technical insight to us to help us craft the right solutions that resonate with Medicaid directors. Within sales, we are strengthening the engine through better talent, new leadership, consultation support, as I said, moving to a territory model for sales and a specialized model for EBT and payments. In parallel, we continue our partnership strategy so that we can bring the best of breed to clients.

Now key takeaways. If you can't tell, I'm very excited about government opportunities. And having led some of the largest government contractors and watched them double and triple during my tenure with them, I'm confident that Conduent has all the ingredients to do that.

First and foremost, we have a stable foundation that we will continue to build on. We believe the most -- our cloud-native, modular Medicaid platform is the most recent platform on the market.

So it is our time to seize the day.

Second, I could not do this without my team's commitment to serving our clients for the trust that government agencies put in us. Every day, our people work tirelessly to deliver the critical benefits and services that millions of Americans rely on to maintain functionality in their communities. So the opportunity is significant and so is the responsibility. The programs we support are not optional services. They are part of the infrastructure that allows families to function.

That gives us clear purpose and that high standard for performance. We must be dependable in today's operations, disciplined in every implementation, thoughtful in how we apply technology and focused in where we invest for growth. If we do those things consistently, we will deepen client trust. We will create more value for residents and translate that into market opportunity and durable results.

And third, I am confident about our future. Conduent is honored to support government programs and resources that help families across America remain healthy, secure and active in their communities. With stronger solutions, disciplined execution and an aggressive, very aggressive growth trajectory, we are positioned to serve more states and more Medicaid members in the years to come.

And with that, we will take a short break before I will turn it over to Narayanan and Nitin, a.k.a. the AI twins. Thank you.

(break)

Narayanan Sundaresan - *Conduent Incorporated - Chief Information and Technology Officer*

All right. Good morning, all of you. I'm the newest member to the fraternity here. I wish I can say I'm the youngest member, but it's not. But anyway, I joined Conduent exactly 12 days into the job, right?

And when I joined, Harsha gave me 2 specific mandates, tall mandates, right? He said, Hey, we need to scale AI across the enterprise. And we need to create an AI-centered culture in the organization. And guess what? He found the shortest person on the planet to do that. But I am up for it.

This is Narayanan Sundaresan, the Chief Information and Technology Officer at Conduent now. If you see my previous life, I spent a good 30-plus years in technology, hands-on keyboard to technology leadership and strategy. The last 21 years, predominantly building and scaling a fully online education enterprise across the globe, serving hundreds of thousands of students. Specifically, in the last 7 years, if you see, I was focused on a cloud AI-centered transformation journey. That really taught me a lot of lessons on how we should think about working and how we redesign work at the beginning.

I am really excited to be part of this journey at Conduent. And this journey, though it's called ASCEND 2026 to 2028, I'm going to add an AI to it, and we are going to ascend with AI. That's the focus. Why do I feel strongly about it? At Conduent, what I feel as the foundation is precisely present.

We have a very strong footprint of data. We have working use cases that have been tested already across the platforms. And we have proprietary platforms that enable us to harvest the large digital information that will become the foundation for anything that we want to do with AI. If data is the new oil that propels the AI spacecraft, Conduent is the new Saudi Arabia. We have so much oil that we can extract and do meaningful automation on top of it.

Not only that, the very fact that we have proprietary platform empowers us with end-to-end view of many of the process life cycles that we own. Years of experience dealing with how our customer journey goes through, collecting all those information, organizing it in a methodical way has given us a lot of power to see how we can turn that into AI orchestration layer. On top of it, we also have ability to execute at scale.

What I mean by that is you saw many of the cases wherein both George and Anna talked about different Government agency as well as Commercial enterprises that we deal with. Many of the problems we solve are not unique.

There are a lot of commonalities. How do we take that common problem and solve using a platform at scale is the problem that we need to solve. And I'm confident we are positioned to do that in a very expedited manner.

How are we going to do it? We are going to center our strategy across 4 pillars. The top 2 are going to focus on bringing Conduent back to profitable growth. I use the word deliberately, profitable growth, because we need to see both sides of the coin. We need to embed AI in many of our products that interface with our customers and clients that can create adjacent capabilities that can go to market, and we can start generating revenue using those capabilities, while we simultaneously hyperactivate AI-centered work redesign.

The name of the game in BPS is not about selling person hours. It's about selling outcomes that George and Anna mentioned and how do we redesign workflows, how do we redesign how work gets done needs to be started and ended with AI as the centerpiece. I envision a Conduent 2, 3 years from now, wherein we have a huge AI agentic catalog that can be used by many of our associates and customers to create an interplay of different workflows on the fly. The architecture will be so composable, think of it as LEGO blocks that we build that can be put together to scale. While we do that, we need to make sure that we have our infrastructure that's scalable, secured, reliable.

That's where the focus is going to be. We will be activating a hyper move to hyperscalers' cloud infrastructure. We will be building a data lake. We will increase our security ring-fence. We are working with the best of breed in these areas.

Simultaneously, we have already started rolling out AI-powered toolkits to our staff. Our developers have started using GitHub Copilot. We have a healthy tribe of people using Cursor for development. You already saw proof with George's use cases around developer productivity in some cases, which is upwards of 60%, 70%. I bet as we roll these tools out, we can create velocity to outcome by 5 to 10x in creating these capabilities and reduce cycle time by more than 60% to 80%. And we will be laser-focused on those initiatives on the bottom side of the strategy.

Now we are not going to do it alone. We have the best-in-breed market partners that we are going to work with. We already have strategic partnership with Microsoft. We have thousands of Copilots that we have rolled out across the enterprise. We are actively working with Google.

We have a strategic partnership with them. We are convinced these market leaders are going to help us in innovation and bringing capabilities to realization faster than what we do today. While we do that, we are also working on the many best-in-breed frontier models, Claude Enterprise, to name a few, Grok and other things. We will accelerate the adoption of those tools, starting with the technology tribe first, but with the enterprise tribe sooner and then start building AI with the fit to purpose and fit to outcome.

I want now to transition to Mr. Nitin, who will walk you through some working use cases and will show exactly where we are in the journey and then reiterate how we are going to proceed through the AI journey in the organization. Nitin?

Nitin Jain - Conduent Incorporated - Head of Corporate Strategy

Thank you very much, Narayanan. Good morning to you all. My name is Nitin Jain. I head Corporate Strategy at Conduent. And as part of my role, I work with our businesses to look for opportunities to embed AI across our operations and our solutions.

I'm here to talk to you about how we are taking our implementation approach in a very methodical way, taking certain use cases to production and now in the new Conduent that Harsha referenced, we are now scaling them to even more extensive solutions in the marketplace.

There's a lot of buzz in the market, and it has been for a while, about large language models. And it's exciting, the advancements that are being made. But when we speak with our clients, both in the Commercial space as well as in the Government space, their first question is

not about which large language model should I use. In fact, it's not even their last question. What they want to know is, How do I implement AI successfully in the business processes?

How do I go beyond ideation? How do I go beyond pilots? And why is that? Because no technology, even AI, works in a vacuum. It has to integrate with existing setup. And guess what?

This existing setup for many clients is a mishmash of legacy technologies and not to mention the complexity that comes with data sources that are really, really disparate in nature.

You also have to think about the right scope for AI, especially in a scenario like ours where we are operating in regulated industries, like healthcare, like government. And we are processing millions and millions of transactions. You heard from some of the earlier speakers how we are processing 2 billion transactions in customer interactions. We are processing 14 billion documents and healthcare claims. This is a huge volume, which means the AI has to work consistently, reliably with clear methods established for exception handling.

And our AI approach takes all of this into consideration. We have created a very methodical approach right from identifying a use case, developing AI solution on it, taking it to production, creating the results, and the work doesn't stop there because you cannot expect AI adoption just like that. You have to do a lot of process reengineering work to make sure that it becomes part and parcel of daily operations.

So in order to show our implementation approach, I want to talk to you about 2 use cases, one in the Government space and one in the Commercial space. And both have one thing in common. In both cases, we identified a high-priority AI opportunity. We took it to production. And now in the new Conduent, we are attempting to scale those to create more extensive solutions.

Our first implementation of GenAI was actually in the fraud space in Government, where we try to address account takeover fraud, which is one of the primary ways fraud happens in that area. We at Conduent take fraud very seriously. And you saw the passion in Anna's voice when she was talking about fraud. Over the years, we have used a lot of analytics, a lot of other mechanisms with a lot of success.

But one area in particular, where a lot of manual effort was spent when we were triangulating data sources that contain unstructured information, enters GenAI, which is very good at processing unstructured information. Working collaboratively with Microsoft, we developed a solution, which combines GenAI with traditional AI technologies. Through a very robust technology governance process, we took that solution all the way into production. We did all the process reengineering work around it so that it becomes part of the operations. And then finally, we made sure that we had human-in-the-loop concept that Anna talked about so that we are reviewing the results and adjudicating the results.

And the results have been tremendous. We have been able to increase the volume of fraud detection by 150%. We are now able to take the same resources, apply them to more complicated fraud use cases. We are getting better at detecting fraud as well. So this speaks to how we are creating value for our clients through smart application of GenAI.

Now with the success of this particular solution and fraud in general becoming a very important topic across government programs, we are now looking to -- and we have started to do this work already and have created a lot of good pilots and solutions around it, is how do we leverage this capability, apply it to the other steps of the government programs. The solution that I talked to you about works in the disbursement phase.

Now we are applying the same capability, combining with other technologies in the eligibility phase, which is the step 1 of any government program. So now we can offer to our clients an end-to-end solution to manage the fraud across the full life cycle of benefit, right? This is how we are scaling solutions from a proven GenAI solution to a more extensive solution. Similarly, in the Commercial space, we saw an opportunity, which George also referenced a little bit, to embed GenAI in Life@Work. So Life@Work, just to remind you again, is a solution that we offer in our HR space to clients to help them manage health, wealth and wellness benefits for employees.

And one of the demands in this space is how do you improve the experience of employees when they are navigating benefits. So we launched Conni, which is our GenAI virtual assistant based in Microsoft Azure technology, to solve for that. Now you may wonder, there's nothing novel about creating GenAI assistant, right? There's nothing novel. But where our approach differentiates is how we went about implementing it.

Usually, chatbots or virtual assistants are throwaways without much thought applied to how do you want the user to interact with it, what KPIs do you want to measure, et cetera. From very beginning, we developed Conni with an intention that it has to be part of the intelligent experience for the employees. We created it as a hub, as an entry point in Life@Work, where all the features and functionalities would come and integrate. George talked about TALON, Jellyvision, their capabilities. We integrated that in Conni.

Live Chat, we integrated that in Conni. And what that allows is that a user, when they come to Life@Work, they can go to Conni and then go through their whole experience through a single interface. We worked with our clients to create education and awareness when we launched it, and the results have been tremendous. In the recently concluded open enrollment period, we saw 9 times usage, higher usage than legacy chats. 86% queries got resolved without a human agent.

This is the way we are going about implementing AI in a very, very thoughtful and methodical way.

The GenAI Fraud Solution that I talked to you about, they're more than a successful use case for us. They are actually a window into the blueprint of the AI opportunity that stands in front of us. We are now in the new Conduent, focused on creating scalable, repeatable AI capabilities that we can apply across multiple solutions, multiple industries and multiple client workflows. So what you see on the page is a vision that we are marching towards. We are basically trying to bring all the components together like data, platforms, our solution under a common foundation.

There is an AI orchestration layer on the top that allows these components to connect seamlessly. It will be based in a very secured governance process that will allow us to deploy AI at scale in highly regulated industries. So this is the vision that we are marching towards, because we believe in the future, AI is not about how many number of tools you have, it is about do you have a holistic AI operating model. And that's the vision we are on.

If I have to recap our AI presentation today, I would say 3 things. Narayanan talked about this. We, at Conduent, are positioned to leverage AI because we have structural advantages in the marketplace. We are focused on scalable execution by creating repeatable capabilities. And finally, I would say we are committed to use AI to increase competitiveness of Conduent Solutions.

With that, I come to the end of my presentation. Thank you so much for listening, and I'm going to hand it over to Remy Kaul, our Head of Communications, to start the Q&A session. Thank you.

Remy Kaul - Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement

If I could get the full senior leadership team up on stage, please? Great. Well, good morning, everyone. We can do better than that. This is the new Conduent. Come on. Good morning, everyone.

QUESTIONS AND ANSWERS

Remy Kaul - Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement

Thank you. Thank you. Well, I am Remy Kaul, the Head of Corporate Communications, and I'm going to moderate the Q&A session today. We have a great group of investors and analysts here, and we would like to make sure as many of you as possible get the opportunity to participate. Therefore, we do ask that you be concise.

And if you could please limit yourself to 1 question and 1 follow-up question. Certainly, we hope everyone is joining us for lunch, which would be a great opportunity to mingle with Harsha, the senior leadership team and members of the Board and continue the conversation there.

Asking a question is really pretty simple. Raise your hand. We'll get the mic over to you. Please state your name and your organization, and that's all there is to it. I would like to kick things off with one individual in particular, and that is David Nierenberg from D3 Family Funds.

And David, since you're doing our opening act, you have a special privilege. You get to ask an extra question and an extra follow-on question at the end if time permits.

David Nierenberg - *Private Investor*

I have sold the D3 Family Fund. So I'm here as a personal investor with a large stake that I will call a faith-based investment, and I don't mean that in the religious context. I mean that having worked with Harsha in 3 other companies in the last decade, I have a lot of faith in him. And so that's why I got engaged in it. I will just ask one question.

Thank you, though.

I have little doubt about your ability to reduce cost and to virtually double EBITDA over 2 years and to use proceeds from the sale of the transportation businesses to deleverage the balance sheet and by the time we get out to 2028, to deploy some free cash flow the same way. I think my question, therefore, is to ask you collectively to help illuminate and make tangible the organic growth opportunities that you think may be most attractive for the company so that instead of being a company that grows at the rate of its peers, which has been said to be 4.5%, how can we grow at a rate, say, triple that, into double digits, so that we can be rewarded with a much more attractive valuation multiple for those of us who have more than a day-by-day holding period?

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

Harsha, would you like to start?

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

Thank you. David, I think I'll have Kimberly respond first and Anna, and then I will come right behind them on the question. Go ahead, Kimberly.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

Wow, no pressure.

Kimberly Marshall - *Conduent Incorporated - Chief Commercial Officer*

Just throw that one over. No, I love the question because it gives us an opportunity to really double down on the confidence, hopefully, that we exuded in the opportunity to speak to you all today. The market will set a tone. Our job is to exceed, right, that tone. Getting to be on trend is, of course, the immediate goal.

But the investments that we're making, and of course, I can speak to the growth side of the house. I talked about the 60% increased footprint. We're not done. We are continuing to double down in coverage of capabilities, spaces, et cetera, in those highly regulated industries. So that's step one.

But we bring on incredible talent and we scale and invest accordingly, the things that George and Anna spoke to are -- it makes it so easy because we have the capabilities to take to the industries and say, over and over again, Conduent is who you want to work with. Conduent can get you there. You saw the technology footprint. There is just -- the ceiling is not there for us right now. That's truly how we feel.

Anna Sever - *Conduent Incorporated - President of Government Solutions*

Well, and I would just echo, particularly for '27 and '28, our growth engines are on the Medicaid eligibility and enrollment front and the claims and financial CMdS and provider front, both of which are the kind of the 2 bookends of Medicaid that we've invested in very strategically because of all the changes that have occurred. Now the challenge that we face this year is this is a huge gubernatorial cycle. 34 governors are up. So we have seen a slowing in procurement. That will unclog once those elections happen.

So we feel very confident going into '27 and '28 that not only are the opportunities there, but because we now have the market-leading technology, they're ours for the taking.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

In addition to this, David, we have an aging population increasing in the United States. That's an obvious fact for all of us, which should help Anna's business in the healthcare. But whenever you're looking at a turnaround, my first role is that of a physician doing basic diagnosis. I've gone through that stage. Now I'm in the middle of surgery.

And when I'm looking at this and when I see, for example, if there are more bean counters than sales folks, we're inverted. And as I push all of these fine folks sitting behind me on these high-end stools, where I push them on reduce cost, reduce cost, with Kimberly and Anna, I go the reverse, how many salespeople do we have? Do we have enough people? What is it with the mathematics that if you need to hit X sales, how many hands on deck do you need? How many meetings do you need?

What is our success rate? How do you increase the success rate?

So we've done the math required that if we do industry average, our stock will be industry average. So you're triple digits. I was hoping the Board did not hear this question, but the Board is fully listening, and they will set their goals accordingly, but we are being pushed to grow as priority number one.

David Nierenberg - *Private Investor*

Have you told all of them how when you were running Crawford, when you landed Allstate and other small clients by virtue of getting out of the executive suite and talking to people that you have access to?

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

I haven't. But in another life, I was running a claims insurance company. When I looked at the top 10 list, this is now over a dozen years ago, and I saw just three clients missing, and we were the largest. The three were not big: State Farm, Allstate, Berkshire Hathaway. So I said, maybe I need to call these three CEOs. And my executive assistant then, who's still my executive assistant, Lori, said, Don't worry, I know how to reach these folks. I'm like, You can reach these folks? And she did.

So the point is we need to look at our array and mix of clients, which we are. And without naming more clients that were in live discussions, I have gone and met some of the top 10 bank CEOs head on wanting to give them all our services with our team, and they brought their top team to the table. So the dialogue, the engagement, the end-to-end solutions is all transforming. So this is happening now. Thank you for reminding me, David.

As you get older, you start forgetting 10 years ago.

Giles Goodburn - *Conduent Incorporated - Chief Financial Officer, Executive Vice President*

Can I add two points?

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

Please.

Giles Goodburn - *Conduent Incorporated - Chief Financial Officer, Executive Vice President*

So I think two important key components here is, on the Commercial side of the business, through what Harsha is doing, I think we've got more connection points now into C-suites of existing clients and potential clients than we've ever had before, which is going to drive a lot of that organic growth. And then secondly, on the Government side, Anna alluded to this in her presentation, when we were out at the -- and I had the pleasure of accompanying the team to the government Medicaid conference out in Portland.

We had more states lining up to get demos of our healthcare Medicaid solution than we've ever had before. And that is a key component of the growth opportunity that we've got as an organization. So I think there are probably 2 real key tangible components of how we're going to drive this forward.

Anna Sever - *Conduent Incorporated - President of Government Solutions*

And just to foot stomp, if I could. We've had follow-up demonstrations with those states as well. So it was not just a show me your shiny toy at a conference. It was show me the toy, wait now, I want to have my team see it, and I want us to go deeper and deeper. Thank you for that.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

Who's next?

Amit Solomon - *Neuberger Berman Group LLC - Analyst*

Amit Solomon with Neuberger. Thank you for doing this.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

We practiced in your building yesterday without your knowledge.

Amit Solomon - *Neuberger Berman Group LLC - Analyst*

Okay. I appreciate that there's no lack of energy or urgency expressed today. With that, when looking at the plan that Giles presented for the 3 years, there's not -- there shouldn't be a lot of excitement about top line yet, right? It's more about the margin expansion. And the goals there seem to be a little tame in my opinion.

This is a company that became public with double-digit margins. We still have more than \$200 million of unallocated costs here. I heard some of the headcounts in the business as I was talking to people here today. I think I would have liked to have seen more. Am I wrong about that?

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

I'll wait for our CFO first to respond, and I will come right behind. Giles?

Giles Goodburn - *Conduent Incorporated - Chief Financial Officer, Executive Vice President*

Thanks, Amit. I've put targets out there that I believe are credible and achievable. Is there more that we can do in the long term? Yes, I believe there is. But I certainly want us to achieve what we've put out there and get to those double-digit EBITDA margins and get to those growth targets in 2028. And if we overachieve, then the better for everyone.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

So I think a couple of things. One is we are communicating at this moment, it's an open feed. So everybody is watching this, including our competition. So the reason I say that is we want to give you goals that are attainable with a high probability. Should we do only as good as those goals?

Absolutely not. We will strive much beyond that. Coming to your unallocated G&A, it has come down significantly, will continue to come down. The other thing is the word unallocated, in my opinion, is a bad word, meaning not accountable. So to me, if it cannot fit in the business, we better justify why we need that.

And that exercise is going on daily as we're reducing the unallocated overhead dramatically. Having run different sectors, different businesses, there are certain standards in almost all sectors. Gross margin needs to be X, your margin before unallocated overhead needs to be Y, EBITDA needs to be a certain percent. There is an ideal state. And that's what we're moving towards.

Now growth might surprise us more than what we're stating, but we also have churn at times that can come in, and we anticipate that. Hence, now the churn is going to start slowing down, which is good news because our interaction, our relationship management and delivery is getting better and better.

I'll give you an example. Last night, I was talking to one of the clients. And this is a client that really was giving a hard time that my Board knows and former Board members. They were livid. And yesterday, they said, We're actually going to miss you. And I said, I can't believe I'm hearing this. They said it has gotten so good in the last 6 months that we might actually miss you because they're part of the transportation business.

But we are making impact that should become more and more sticky in our revenue and eventually growth. We will get more aggressive, but not even how we publicly state, once you got some tailwind in results, our demeanor will change even more aggressive, that I assure you.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

Thank you. Who's next? Do we have any hands?

Matt Rothfleisch - *Blue Owl Capital - Analyst*

Hi, Matt Rothfleisch from Blue Owl. You had mentioned with the sale of the transportation assets that you'd be cleaning up some off-balance sheet liabilities. Can you give me a sense of the magnitude of that? What it actually means from a cash perspective, what it means from a credit rating perspective? Have you spoken with the agencies? How should we think holistically about that?

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

Why don't -- Giles and Anna, our General Counsel, going to answer. The reason Anna sits right behind me, I don't do anything wrong. Her vision is right on me. Go ahead.

Giles Goodburn - *Conduent Incorporated - Chief Financial Officer, Executive Vice President*

Yes. So Matt, we've got just over \$0.5 billion of off-balance sheet instruments, 80% of those predominantly surety bonds that support some of the large implementations that we have going on in the transportation environment. They -- so what's that \$350 million-plus of surety bonds and then some LCs that also support some of the transportation business as well?

They'll all transition with the divestitures at points that the consents are given by the clients to transmit the contract across to the two new buyers. The rating agencies, we maintain good relationships with the rating agencies and regular conversations. And as we progress through the closing of these things, we will continue to have those conversations as well.

Matt Rothfleisch - *Blue Owl Capital - Analyst*

Are you freeing up any cash at all? Or -- what would be the net benefit for the --

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

You may want to take the mic and just repeat.

Matt Rothfleisch - *Blue Owl Capital - Analyst*

Is there going to be any free up of cash back to the balance sheet at all? Or is it all just being released at that point?

Giles Goodburn - *Conduent Incorporated - Chief Financial Officer, Executive Vice President*

So none of these are cash collateralized at all. So there's no cash that we get back from moving these instruments across to Modaxo and Quarterhill. We will get a working capital benefit. The transportation business is certainly more working capital intensive than the Commercial and Government businesses. So there'll be less capital intensity of the organization as we move forward.

I think that's probably --

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

Yes. And I think, Anna, from a legal perspective, would you allow those bonds to remain behind?

Anna Sever - Conduent Incorporated - President of Government Solutions

No.

Harshavardhan Agadi - Conduent Incorporated - Chief Executive Officer, Director

So we are definitely going to push that with that. Now if there are small pieces that are struggling, we're going to have to have those firms make sure they back us up without question. The other advantage is, you mentioned working capital. The second is capital expenditure because there's a small piece in our entire CapEx that goes to transportation. CapEx itself is going to start changing go forward, which will eventually propel to free cash flow. Thank you.

Remy Kaul - Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement

Anyone else? We have a couple this side.

Harshavardhan Agadi - Conduent Incorporated - Chief Executive Officer, Director

Yeah, go ahead, please.

Matthew Swope - Robert W. Baird & Co. - Analyst

Yeah, hi. Matt Swope from Baird. Giles, I didn't hear much talk today about leverage and goals. I think in the past, you've said pro forma will be in the low 2s. After the transaction, I think you've talked about maybe getting towards 1 times. Could you just -- I know you said you gave us some updated pro forma cap structure with Q3 or in that time frame. But could you just comment on how you and the Board think about leverage going forward?

Giles Goodburn - Conduent Incorporated - Chief Financial Officer, Executive Vice President

Yeah. So clearly, one of the objectives of the organization is to delever the company. It's what we're using the proceeds for the transportation divestitures to achieve. I think I'm going to wait until Q3 to give a more holistic answer as to what our leverage targets are after we've got through certainly the divestitures and the refinancing of the credit facility. And at that point, Matt, we will come back out with a more holistic view of what our targets are.

Matthew Swope - Robert W. Baird & Co. - Analyst

Could I just add into that? I know you drew the revolver post quarter end. How those conversations are going with the banks and where that process stands?

Giles Goodburn - Conduent Incorporated - Chief Financial Officer, Executive Vice President

Yeah. The conversations are going well. We're in negotiations with the bank and certainly hope to have more to update everyone within a few weeks' time, in early November when we have our Q3 earnings.

Matthew Swope - Robert W. Baird & Co. - Analyst

Thank you.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

My blood pressure is very normal at the moment is the indication of how good we feel about the question you asked.

Jeffrey Hutz - *J.P. Morgan Asset Management - Analyst*

Hi. It's Jeff Hutz with JPMorgan Asset Management. A lot of good presentation material. And I understand the Government business, it seems like it has a lot of opportunity on the Commercial side, I mean, that business has declined reliably for a number of years. So I just -- maybe you could add some more meat on the bone as to why that business can all of a sudden stabilize and potentially grow. It's just not as apparent to me.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

Go ahead.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

I think George, all of you.

George Wehbe - *Conduent Incorporated - President, Commercial Solutions*

Thank you. Good question. I'd say a couple of things. We talked about the way we're looking at the business, right, health care operations, financial operations, enterprise operations. We have not historically approached that business in that specific domain set.

We have deep expertise in those areas. We plan on leveraging those areas. The other thing that I would say is that over the past couple of years, we've been more inwardly focused in the Commercial organization, right, stripping out costs, addressing some redundancies, but not really looking to grow. What Kimberly has set up in terms of scale and go-to-market around those domain expertise, around our ability to deploy AI to make better decisions for clients, to automate workflows, to manage the more complex interactions, we feel very confident about.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

The other piece is when you look at our array or mix of businesses in Commercial, we have now identified with another lens where is our margin concentration, where is the maximum potential to grow? When you combine the 2, it becomes very clear, we need to play hard in the regulated industries, specifically in health care solutions, enterprise and financial solutions. And that is going to make a very meaningful difference go forward. That kind of focus is very critical to jump the numbers. Now one other thing on this entire team, if there's one person who goes into double -- single and double-digit margin discussion, that's George.

Every time I call them, I say, how is the month going to look? Are we moving? Are we, and every single month, the needle keeps moving in the right direction. He intends to catch Anna. So he's going to get interested.

George Wehbe - *Conduent Incorporated - President, Commercial Solutions*

Pass Anna.

Jeffrey Hutz - *J.P. Morgan Asset Management - Analyst*

Thanks.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

Thank you. We had another hand up, I think. Right there.

Youlia Rowland - *Proxima Capital Management - Analyst*

I am Youlia Rowland from Proxima Capital Management.

So you mentioned that you'll be focusing on some of the regulated industries, health care, financials and enterprise, and you'll be possibly walking away from some more capital-intensive business. Can you quantify that? Is that reflected in kind of in the guidance for next year and the year after --

Giles Goodburn - *Conduent Incorporated - Chief Financial Officer, Executive Vice President*

The capital-intensive comment was certainly directed around the transportation business, which is already included in the guide, the \$2.15 billion to \$2.25 billion of revenue is excluding the transportation business and just continuing operations only. There are a couple of additional divestiture opportunities that we've got, but nothing that's really going to move the needle at all from a revenue standpoint or a proceeds standpoint. So it's now really the focus on the continuing operations and everything that the team has talked about today to drive towards growth and increase the profitability of the organization.

Youlia Rowland - *Proxima Capital Management - Analyst*

So there is no additional revenue churn remaining kind of going into next year? Intentional churn.

Giles Goodburn - *Conduent Incorporated - Chief Financial Officer, Executive Vice President*

Yeah, so no intentional churn. That's right. That's right.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

Next?

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

You should be pleased to know that we are actually having conversations with clients face-to-face if the margins are not adequate for us. Even that discussion is on. And now they're realizing accountability on both sides.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

Do we have another hand?

Kellen D'Alleva - *Jefferies - Analyst*

Hi, Kellen D'Alleva from Jefferies. I know pricing strategy was mentioned a few times in terms of a lever, specifically in Commercial, and I'm sure in Government as well. So can you just walk us through how you're thinking about that and how the customer reception has been as well?

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

I think George and Anna can both respond to this. Thank you.

George Wehbe - *Conduent Incorporated - President, Commercial Solutions*

Sure. I mentioned in my presentation, right, that we're looking at unprofitable relationships, right? And we're making decisions where we can and decisions where we can't, very difficult ones. So we've been looking at pricing across the board to ensure that we're getting the right value for the service that we're putting together. We are not as interested in chasing revenue any longer as much as we are interested in pursuing durable profitable relationships.

So that's probably been the single biggest influence over how we look at new opportunities, new deals, add-on business, how is the -- the existing relationship performing? How will this add-on piece of work, work with the existing relationship and the financials? And as we go out and pursue new logos, we're not going to chase margin after the fact. We're going to expect that margin upfront and then work our way through it.

Anna Sever - *Conduent Incorporated - President of Government Solutions*

And I would say from a Government perspective, we have had healthier margins historically, but those can always get better. And so a couple of initiatives we have undergoing is one is we've done a profit analysis across all the portfolios. So we know exactly where each portfolio stands from a margin perspective as well as looking at the process we use for our pricing on new bids and new deals, making sure that we are aligning industry best practice and aligning against competition so that we're not an outlier on either end of the bell curve. It's great sometimes if we come in as the most aggressive on the pricing, but then it also leaves a question of are you leaving money on the table? So finding that middle sweet spot.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

We have another question in the audience. In the back. I think we have a couple more.

Kirk Ludtke - *Cowen and Company LLC - Analyst*

Kirk Ludtke, Raymond James. You mentioned that you've gone through and you've assessed each contract and your technology versus your price and where you -- where you want. And can you maybe elaborate on where you think you have a superior product on both Commercial and Government?

Anna Sever - *Conduent Incorporated - President of Government Solutions*

Yes. I will say hands down right now, our CMdS product. It's superior. It's latest to the market. Even our competitors are now worried because ours is truly cloud native, whereas our competitors took legacy mainframes and ported them to the cloud.

That's again, the indication that we saw at the conference that Giles mentioned is the market is reacting to that as well. And so we're seeing lots of outreaches from the market from Medicaid directors directly. Using that CMdS as the basis for our technology, the adjacencies that it opens up as well in terms of provider enrollment and credentialing, that becomes a whole new market for us, too.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

Can you give the full form of the acronym?

Anna Sever - *Conduent Incorporated - President of Government Solutions*

Oh, CMdS. It's the Conduent Medicaid Enterprise System.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

And it is fully executed, implemented with rave reviews in one state.

Anna Sever - *Conduent Incorporated - President of Government Solutions*

In New Mexico.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

Which means this can be 50-fold and could go even beyond the US eventually.

Anna Sever - *Conduent Incorporated - President of Government Solutions*

And the other thing just to say is our main competitor in that market is also struggling right now and has had some implementations that have not gone well. So that provides another window for us to kind of break through it.

George Wehbe - *Conduent Incorporated - President, Commercial Solutions*

Sure. And I'd say on the Commercial side, our clear strength lies in the health care space, right, whether it's the claims platform itself, right, which we are in the process right now of modernizing the front end to that and the back end should be ready late next year. It will probably differentiate us as having the best claims platform, what I'll call mid-market in the space. The other area that often doesn't get a lot of attention is our finance, accounting and procurement business.

We support three of the top five automakers, right, for their procurement processes. And we have deep expertise in what we do for those clients. And it's applicable not just to auto. You could take that to a number of other industries as well that are large volume purchasers. So I'd say health care and then some of our enterprise space, banking, we're strong.

I think we can get a lot stronger. We got 4 out of the top 10. I'd like to see us make more penetration in the mid-market segment, right, in the banking.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

And how many years with Citibank?

George Wehbe - *Conduent Incorporated - President, Commercial Solutions*

Yeah, I say that because I'm biased because I've spent 30 years working for banks, so, domestically and abroad.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

Thank you.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

I think we had one question in the back.

Marc Riddick - *Sidoti & Company LLC - Analyst*

Hey, good morning. Marc Riddick with Sidoti. First of all, I want to thank you for putting all of this together and certainly laying out all the goals and everything that goes into that certainly an undertaking to go there. So we really do appreciate that. One of the things I sort of want to touch on first as part of the prepared remarks on the Government side. I was wondering if you could sort of elaborate a little bit more on some of the opportunities that you see, particularly with the gubernatorial races and that lag, I think, that you kind of talked about where I was sort of wondering if you could talk a little bit about that opportunity set that might present itself in the kind of time frame that you can sort of take advantage of that.

Anna Sever - *Conduent Incorporated - President of Government Solutions*

Sure. So typically, what happens when we're in an election cycle like that, things will slow down prior to the election because you see the key leadership among the governor's team start to jockey for positions or to depart. So we're in that phase right now.

With the new approach coming in and the new governors and basically, what we're trying to do is within those top states that I identified, do the prework with both sides of who the potential administration can be so that we're prepared to jump in and capitalize day one.

So I think that's really where we see that. And it's not a blue or red state issue. There are blue and red states that both need modern claims and financial, and they need help with their Medicaid eligibility and enrollment, particularly in light of the pressure that H.R. 1 brings.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

As well as the opportunity to reduce fraud.

Marc Riddick - *Sidoti & Company LLC - Analyst*

Opportunity to reduce fraud is a constant thing across the Government Solutions portfolio.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

And we'll do one last question. If no one has one, I have a closing question for Harsha. Any more? All right. So Harsha, what is fundamentally different about the new Conduent and what gives you confidence that we can achieve not just growth, but profitable sustainable growth?

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

The first step is actually the belief in what you do on a daily basis. If you have it from here that you're going to get something done, you got to believe it first. So walking into a new place, a new sector, I had to first believe in it myself.

Second, you got to have the team believe in the journey. It is a team sport. Last time I checked the Magnificent Seven had seven. We got, I think, the Magnificent Ten here with the most attractive ladies around me, if you see the way we're sitting. So my point is that we got to believe in that.

Third, in today's world, AI is so critical. It unleashes capacity. So if I had 20,000 people in a particular sleeve, doing X amount of work. Tomorrow with AI, it could be 2,000 people doing X square. That's the amount of capacity it unleashes or X to 100. I mean the speed that coding is changing rapidly using AI is very dramatic. So to me, all of these things are coming together, added to that, very good governance that is important.

You asked the question about the surety bonds. If I go in and do this sale, before I do the sale, trust me, these Board members, and if these Board members don't ask one of our former Board members here, he will pick up the phone and ask as well, Hey, are the surety bonds moving? Just making sure. So we have checks and balances that are fairly tight, and we're in a growing market. The TAM is large. It's growing, and that 4% is US market-based.

What we are doing here can be done in Australia, can be done in England, can be done in Canada. Large benefits government run systems, large corporations accumulated will need the same services. This is the new Conduent, trust me. And our approach, the way we walk, the way we talk, the way we present, the way we interact with clients is very different and clients are recognizing that this is not how we used to dialogue. It's completely revamped.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

On that note, to everyone who asked the question, thank you. To the senior leadership team, thanks as well. I'm going to let Harsha close us out. And then --

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

I think I just closed.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

That's great. You still have to come up here and officially close us out. And then we will meet you all for lunch over in that room. Thank you.

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

Thank you.

Remy Kaul - *Conduent Incorporated - Vice President, Corporate Communications and Associate Engagement*

Are you going?

Harshavardhan Agadi - *Conduent Incorporated - Chief Executive Officer, Director*

Yeah, and then we're done.

Ladies and gentlemen, thank you very much patiently for listening. I just hope our next Investor Day is not in a room of this size. It needs to be much larger with a broader investor base that always comes with predictable forward-moving results. And here is the other thing. We do have lunch.

There is free seating for all of the folks who are not Conduent related. Please sit anywhere you want to ask any question you want, and we want to make sure we have this interaction during lunch and appreciate the number of hours, one, that you've spent here, but more importantly, today, I met folks who have invested for seven years, eight years and are still having the patience or Martin Hale, who just bought a bunch of stock or David Nierenberg, who bought a bunch of stock for a variety of positive reasons in having faith that we will move forward with meaningful results. Thank you again and looking forward to more interactions with all of you.

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