

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

FORM 8-K

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

Date of Report (date of earliest event reported): June 8, 2018

CONDUENT 
CONDUENT INCORPORATED
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction
of incorporation)

001-37817
(Commission
File Number)

81-2983623
(IRS Employer
Identification No.)

100 Campus Drive, Suite 200
Florham Park, New Jersey
07932
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (844) 663-2638

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

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

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

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

Emerging growth company

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

Item 7.01 Other Events.

On June 8, 2018 Conduent Incorporated (the "Company") held its Investor Conference in New York City. Attached as Exhibit 99.1 to this Report is a copy of the Company's investor presentation dated June 8, 2018 prepared for the Investor Conference.

The information contained in Item 7.01 of this Report and in Exhibit 99.1 to this Report shall not be deemed "filed" with the Commission for purposes of Section 18 of the Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.

Exhibit 99.1 to this Report contains certain financial measures that are considered "non-GAAP financial measures" as defined in the SEC rules. Exhibit 99.1 to this Report also contains the reconciliation of these non-GAAP financial measures to their most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles, as well as the reasons why the Company's management believes that presentation of the non-GAAP financial measures provides useful information to investors regarding the Company's results of operations and, to the extent material, a statement disclosing any other additional purposes for which the Company's management uses the non-GAAP financial measures.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Conduent Incorporated investor presentation dated June 8, 2018

Forward-Looking Statements

This Report and any exhibits to this Report may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words "anticipate," "believe," "estimate," "expect," "intend," "will," "should" and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect management's current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include, but are not limited to: termination rights contained in our government contracts; our ability to renew commercial and government contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our ability to attract and retain necessary technical personnel and qualified subcontractors; our ability to deliver on our contractual obligations properly and on time; competitive pressures; our significant indebtedness; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; claims of infringement of third-party intellectual property rights; the failure to comply with laws relating to individually identifiable information, and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our security systems and service interruptions; our ability to estimate the scope of work or the costs of performance in our contracts; our ability to collect our receivables for unbilled services; a decline in revenues from or a loss or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to attract and retain key employees; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings; our ability to receive dividends or other payments from our subsidiaries; changes in tax and other laws and regulations; changes in government regulation and economic, strategic, political and social conditions; changes in U.S. GAAP or other applicable accounting policies; and other factors that are set forth in the "Risk Factors" section, the "Legal Proceedings" section, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other sections in our 2017 Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission. Any forward-looking statements made by us in this report speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

Exhibit

No.

Description

99.1 [Conduent Incorporated investor presentation dated June 8, 2018](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Registrant has duly authorized this Report to be signed on its behalf by the undersigned duly authorized.

Date: June 8, 2018

CONDUENT INCORPORATED

By: /s/ J. MICHAEL PEFFER
J. Michael Peffer
Secretary



CONDUENT



Analyst Day | June 8, 2018



Welcome & Analyst Day Overview

Alan Katz, *Investor Relations*



Non-GAAP Disclosure & Other Items

Non-GAAP Disclosure

We have reported our financial results in accordance with U.S. generally accepted accounting principles. In addition, we have discussed our financial results using non-GAAP measures. We believe these non-GAAP measures provide investors to better understand the trends in our business and to better understand and compare our results. Accordingly, it is necessary to adjust several reported amounts, determined in accordance with GAAP, to exclude the effects of certain items, such as their related tax effects. Management believes that these non-GAAP financial measures provide an additional perspective on the current periods' results against the corresponding prior periods' results.

However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the financial results prepared in accordance with U.S. GAAP. Our non-GAAP financial measures are not meant to be considered a substitute for comparable U.S. GAAP measures and should be read only in conjunction with our Condensed Consolidated Financial Statements prepared in accordance with U.S. GAAP.

Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions, and providing such non-GAAP financial measures to investors allows for greater transparency as to how management reviews and evaluates our business results and trends. These non-GAAP measures are not the primary factors management uses in planning for and forecasting future periods. Compensation of our executive officers is based on the performance of our business based on these non-GAAP measures. Non-GAAP measures are footnoted, with a definition, on each slide.

Signed Divestiture Disclosure

Reference in the presentations today to "signed divestitures" relates to previously announced agreements to sell certain subsidiaries or assets of certain lines of business. These agreements have not yet closed. The closings are subject to certain closing conditions and obtaining any required government regulatory approvals.

Agenda

8:30 – 9:00 am	Registration / Breakfast
9:00 – 9:05 am	Introduction / Welcome and Analyst Day Overview Alan Katz, Vice President, Investor Relations
9:05 – 9:45 am	Strategic Overview Ashok Vemuri, Chief Executive Officer
9:45 – 10:15 am	Consumer and Industrials Christine Landry, Group Chief Executive, Consumer & Industrials
10:15 – 10:45 am	Financial Services and Healthcare Pratap Sarker, Group Chief Executive, Financial Services & Healthcare
10:45 – 11:00 am	Break & Innovation Gallery
11:00 – 11:30 am	Public Sector Dave Amoriell, President
11:30 – 11:50 am	Financial Overview Brian Walsh, Chief Financial Officer
11:50 – 12:15 pm	Lunch Break and Innovation Gallery
12:15 – 1:15 pm	Q&A
1:15 – 2:30 pm	Innovation Gallery



CONDUENT



Analyst Day | June 8, 2018



Strategic Overview

Ashok Vemuri, *Chief Executive Officer*



Expertise
DIGITAL Operations
PATIENTS INTERACTIONS REINVENT MEMB
Partner Governments & Agencies Value
Personalized Interactions Secure Fortune CITIZENS
Secure Front-Office
Seamless At-scale Essential EMPLOYEES
CLIENTS OPERATIONS

Our Company

Deep Domain
& Process
Capabilities

Marquee
Clients

Essential Partner
Across Multiple
Value Chains

Recognized Industry
Leader in our
Core services

Deep Domain & Process Capabilities

We are world's largest provider of diversified business services with leading digital platform capabilities

Digital Platform Portfolio

13 Business areas

24 Platform Groups

81 Platforms



Software

Products

PI

Marquee Clients



2018 – 2020 Addressable Market

Overall	5.1
Public	4.1
Commercial	5.1

20 of Top 20

U.S. Health Insurers

9 of Top 10

Pharmaceutical Companies

4 of Top 5

Life Insurers

40%

Of U.S. Hospitals

6 of Top 10

Automakers

4 of Top 5

Aerospace Firms

50

All 50 States

7 of Top 10

U.S. Banks

1Q Signings Performance

Total Contract Value (TCV) Signings
Renewal Rate
New Business TCV
Rolling 12-Month Pipeline

⁽¹⁾Source: Frost & Sullivan, E&Y, Nelson-Hall, Gartner, Mercator Consulting, and Conduent Corporate Strategy

Essential Partner Across Multiple Value Chains



Healthcare

70%

of insured patient in the U.S.



Transportation

46% U.S. market share in
Tolling and **44%** in Parking



Multi-Channels
Services

1/3

of all U.S. insured
by our commu



Government
Payments

Payment processor for:

43% of U.S. child support and
55% SNAP payments



Worker's
Compensation

Bill Review for **50%**
of Workers Comp claims



Human
Services

11+ m
employees and
support

Recognized Industry Leader



Industry Analyst Accolades

Best-in-Class BPaaS Solutions

- HfS Research, NelsonHall,
Black Book Research

Top Provider for Workers Comp

- NelsonHall, Everest Group

Proven Leader in HRS Support

- NelsonHall, Everest Group,
HfS Research

Everest T BPS Pro

May 29, 2

1. ADP
2. Teleperfor
3. Accenture
4. Conduent
5. Paychex
6. Concentri
7. DXC Tech
8. Xerox
9. Arvato Be
10. Genpact

Our Progress

Re-invention

\$1B in Expected
Divestitures

Achieve
Pre-Spin

Re-inventing our Company

Where we started

Underperforming



Siloed Business Units



Unfocused Portfolio



Disparate Culture



Inefficient Operations



Where we're going



Market Leading Performance



A Single, Unified Company and Brand



Clear Business Strategy



Consistent Culture



Business Intelligence and Modern Work Tools

Aggressive Transformation

50

Brands Consolidated

1,400

Accounts Exited

17%

Increase in Sales

Eliminated
+250

Redundant
Reporting Systems

Reduced Real Estate
Sq. Footage by

~3 million

+\$200 million

Adjusted Free
Cash Flow
FY2019

1) Adjusted Free Cash Flow. Refer to Appendix for Non-GAAP reconciliations and definitions

Signed Divestitures Year-to-Date

~\$390M

FY2017 Revenue

~\$65M

Adj EBITDA

~\$600M

Estimated Proceeds

~9.2x Adj EBITDA

~1.5x Revenue

Multiples

Note: Revenue and Adj EBITDA reference for FY2017 results, after stranded-cost take out. Signed divestitures subject to closing terms and conditions. Please refer to Appendix for Non-GAAP reconciliations and definitions for Adjusted EBITDA

Met Pre-Spin Expectations

Pre-Spin Objectives

Revenue

2017 – decline similar to 2016

Adjusted EBITDA

2017 – greater than 5% growth

Cost Transformation

2017 ~\$430M cumulative savings

Adjusted Free Cash Flow

2017 20-30% of Adjusted EBITDA

Shareholder Value Created

2017 Results

✓ Achieved -- adjusted for strategic

✓ Achieved -- grew +6%

✓ Exceeded ~\$45M

✓ Achieved @ high-end ~30%

✓ Over \$1 Billion in market cap¹

Note: See Appendix for Non-GAAP definitions and reconciliations for Adjusted EBITDA and Adjusted Free Cash Flow
1) Based on total market capitalization based on stock prices comparing 1/3/2017 to 6/6/2018

Pivoting to Technology

Mission

World-View

Industry E



Conduent Mission

Transforming The Way
Our Clients Operate

Our Aspiration

Become the leading business services partner for companies and governments worldwide

Achieve Industry-Leading Performance

Be the Most Trusted Partner to our Clients

Be an Employer of Choice

Build a Differentiated Brand

Our Core Values

Client-Centricity

Commitment to Excellence

Trust

Speed and Agility

Open and Collaborative

Courage

As Digital *Interactions* Become The Norm, Our Clients Are Facing Three Realities

1

Individualized

2

Immediate

3

Intelligent

As Digital *Interactions* Become The Norm, Our Clients Are Facing Three Realities

1

Individualized



End-User Setting Standards

2

Immediate



Value-Chains are Integrated

3

Intelligent



Knowledge/Insights > Data

Evolution of the Business Services Market

Facet

Basis of Competition

Operating Model

End-user Outcomes

Value: Focus

Value Levers

Outcomes

Legacy

Cost, Efficiency

Rigid, Client Determined

Generic

One Way (Client)

Labor, Automation

Service Level Agreements

New

Change Operating Model

Flexible, Digital, Scalable

Tailored, Personalized

Two Way (Client, End-user)

Experience, Blockchain, AI

Experience Level Agreements

Building a Business for the Future

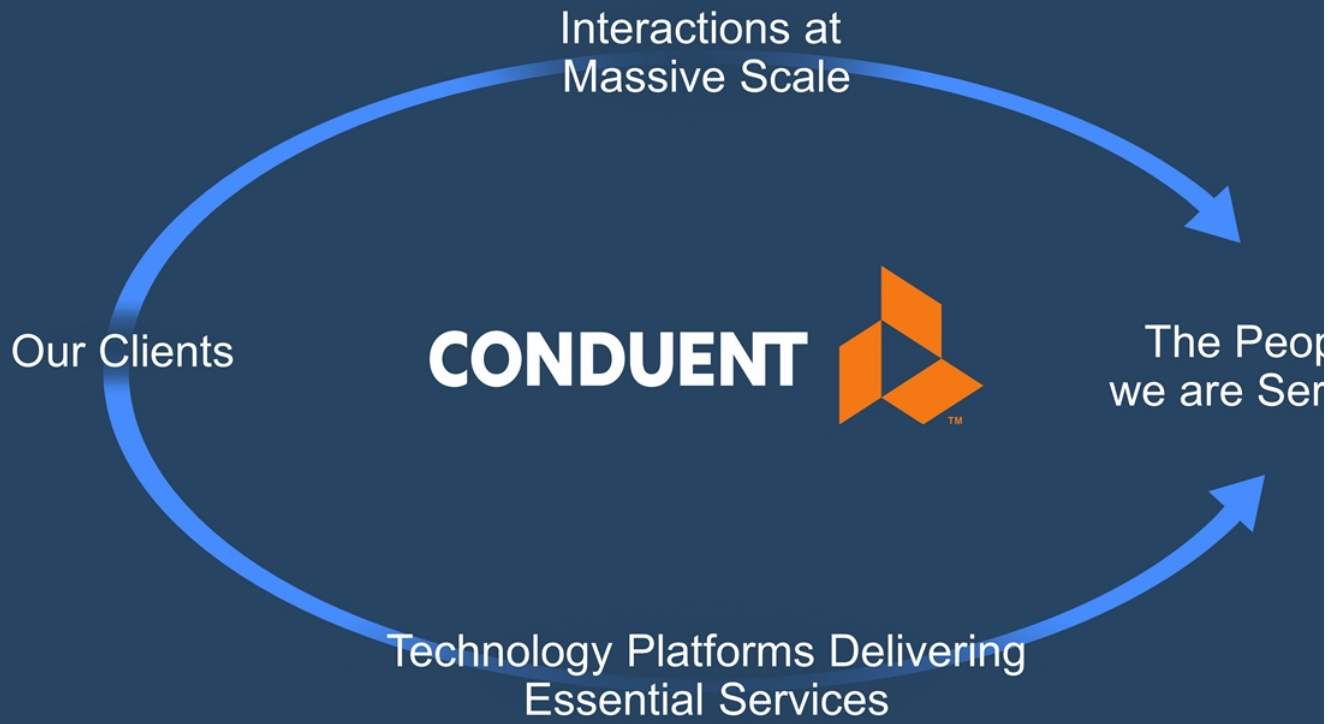
Digital
Interactions

Platform
Based

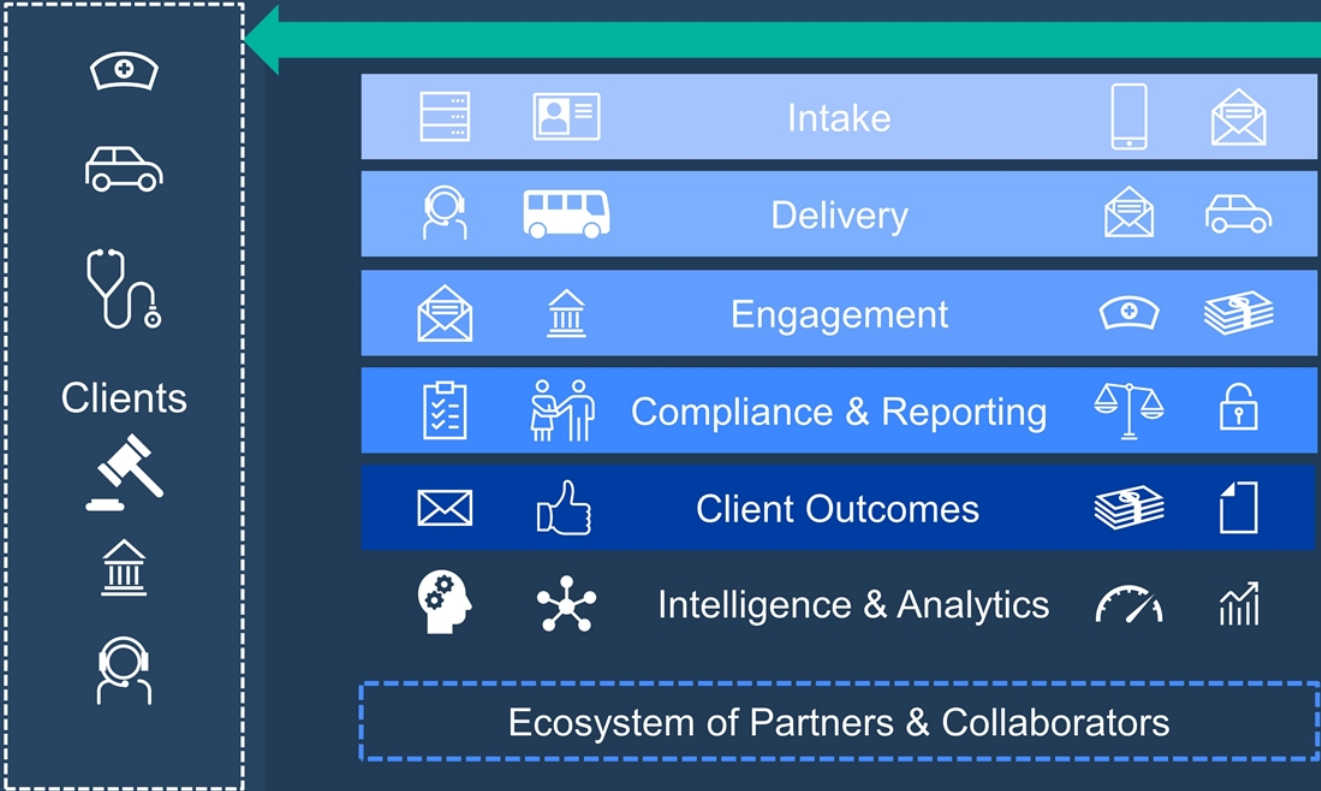
Technology Driven

Global Delivery Potential

A Digital Interactions Company



Digital Platform Architecture



Conduent Solutions & Offering Set

MAVEN Flex RX
MERGE Viewpoint Strataware
DriveSafe VECTOR CAS
Blitzdocs Life @work EPIC
OMNIX MIDAS CONDUENT E-Tims ATLAS DART Kidstar
BenefitWallet LOAN RightO
Health@work MANAGER CitySight

Technology: Our Foundation and Future

Conduent Technology Innovation Practice Areas



Blockchain



Mobile



Automat



IoT



Cognitive

Global Delivery Potential

Global Footprint

- 85,000 employees (down from 105K)
- 28 countries (down from 40+)
- 250 delivery centers

Delivery Hubs

- Philippines
- India
- Jamaica
- Guatemala
- Romania

Innovation Hubs

- Raleigh / Bangalore / Hyderabad

Accu-Shoring Model

- Maximize talent sourcing
- “Follow-the-sun” operating model



Pivoting to Growth

Modernize
the Base

Organic
Growth

Value C
Integra

Inorganic &
Partnerships

Unit Specific
Opportunities

Pivoting to Growth

Modernize
the Base

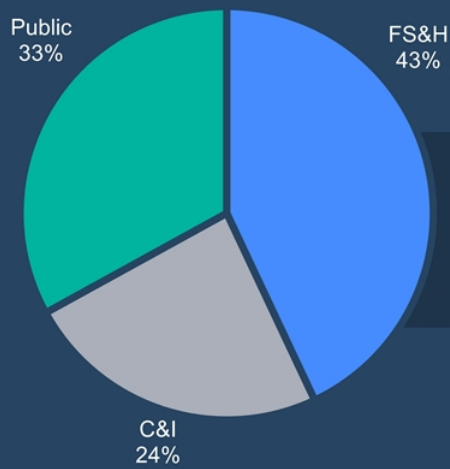
Organic
Growth

Value C
Integra

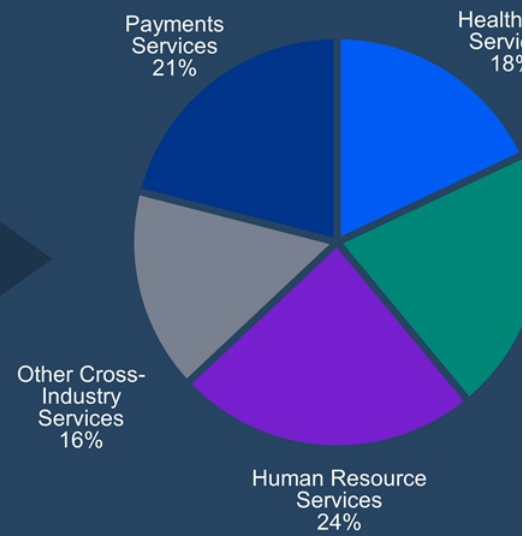
Inorganic &
Partnerships

Unit Specific
Opportunities

Digital Platform Modernization Investment ~\$200M over Three Years



Expected Investment
By Sector



Expected Investment
By Platform Group

Conduent Tolling Solution

Existing

Post-Modernization

Individualized



Customize Multiple Channels



Social Media



Voice



SM

Immediate

Business Tier



Platform Design



- Video Toll
- Transaction
- All Back O
- Case Man
- Machine L

Intelligent



Knowledge & Insights



Healthcare Value Chain: Conduent Participation



Inorganic & Partnerships

Focus Areas	Examples
Building Capabilities	<ul style="list-style-type: none">• Digitalization• Social Media, Mobility, Analyt• Omni-channel
Emerging Technology	<ul style="list-style-type: none">• Block Chain• Automation• AI and Analytics
Right to Play	<ul style="list-style-type: none">• Vehicles• PAAS, Channels• Policy and Regulation
Scale & Geography	<ul style="list-style-type: none">• Human Resource Services• Europe

Quotes from Our Clients

“After examining the options in the market, we chose Conduent due to their proven ability to bring strategic value to [our company]. They thoroughly understand our business and culture at every level and tailor solutions to us. We use the ‘P’ word with Conduent: we are our PARTNER, not our vendor.”

Senior Executive at a Global Security and Aeronautics Company

“Our cardholders rely on the payments they receive, and working with Conduent has helped us deliver those funds more securely and accurately. They even converted the technology behind the scenes without interrupting services. Their expertise makes all the difference.”

Tom Pennington, Director of Electronic Payment Systems, Oklahoma Department of Human Services



CONDUENT



Analyst Day | June 8, 2018



Consumer & Industrials Sector

Christine Landry, *Group Chief Executive*

Commercial Overview

Clients and Constituents



Offerings



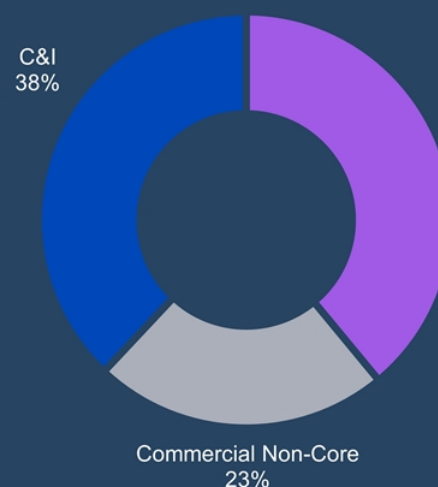
Financials for Commercial Business

Quarterly Revenue and Profit
(adjusting for ASC 606)⁽¹⁾



Segment Profit ⁽¹⁾	\$25M	\$31M	\$49M	\$71M	\$44M
Segment Margin ⁽¹⁾	2.9%	3.7%	6.0%	8.3%	5.2%
Adj EBITDA ⁽¹⁾	\$61M	\$69M	\$83M	\$105M	\$78M
Adj EBITDA Margin ⁽¹⁾	7.0%	8.3%	10.1%	12.3%	9.1%

■ Revenue (\$ in M) — % Segment Margin



FY2017 Commercial Revenue
(% of segment total)

(*Non-core revenue includes signed and signed divestitures)

⁽¹⁾ Adjusted 2017 results for impact from ASC 606 accounting change. Please refer to Appendix for Non-GAAP reconciliations for adjusted EBITDA and adjusted EBITDA margin

Commercial – C&I

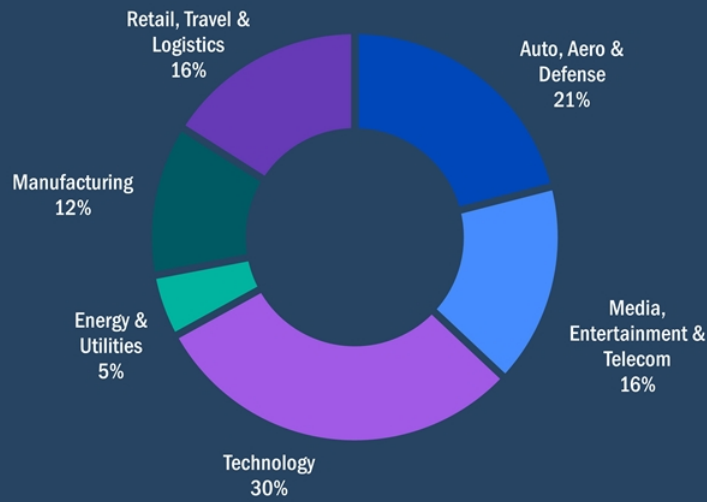
Clients and Constituents



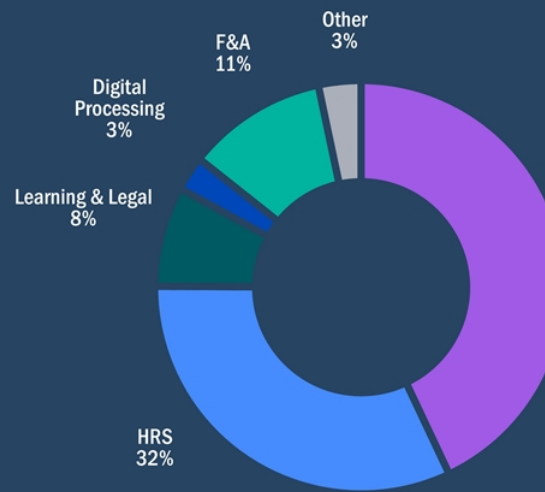
Offerings



Financials for C&I Business



FY2017 C&I Revenue By Vertical
(% of C&I total)



FY2017 C&I Revenue By Service Line
(% of C&I total)

Note: Business sector revenue represents approximate FY2017 revenue excluding signed and to-be-signed divestitures

Client-Centric Focus Across Industries Delivers Value and Improves Outcomes

- 6 of 10 largest global automotive manufacturers
- 4 of 5 top aerospace firms
- 2018 Top Training Outsourcing Company by Training Industry
- Over 10 million employees and participants supported



Total Rewards Portal
Increase employee engagement in total rewards program
98%
Employees actively participated in the annual enrollment process



AP Processing
Transformed to Deliver
92%
Improvement in processing productivity



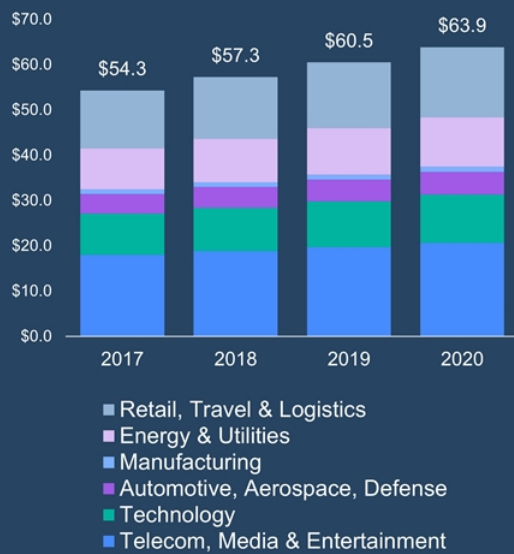
BenefitWallet Consumer Driven Health Care
Reduce costs, increase wellbeing
95%+
Participation in HSAs



Virtual Learning
Migrate to eLearning platform
60%
Reduction in design and development duration

C&I Market Opportunity Set

Addressable Market⁽¹⁾ (\$B):
2018-2020 CAGR 5.6%



Business Sectors ⁽²⁾	Telecom, Media & Entertainment	Automotive/Aerospace/Defense	Energy/Utilities	Technology	Retail/Travel & Logistics
Revenue	~\$200M of Revenue	~\$270M of Revenue	~\$60M of Revenue	~\$390M of Revenue	~\$200M of Revenue
Client Imperatives	Content monetization and immediate delivery (5G, OnDemand); compliance in fluid regulatory environment	Mobility-as-a-service; efficiency on global scale; integration across ecosystem with smart processes and devices	Price and cost pressure; focus on automation and efficiency; smart grid - new energy sources and distribution networks	Gig economy, changing recruiting market; high employee attract/retain cost; Omni-channel personalization	Hyper-personalization; 24/7 immediate experience; Omni-channel reimagined
Key Service Offerings	Digital Payments	Digital Processing	Finance & Accounting Transformation	Risk & Compliance	Integrating Employee Engagement

1) Source: NelsonHall

2) Business sector revenue represents approximate FY2017 revenue excluding signed and to-be-signed divestitures

Art-of-the-Possible: Industry-Specific Offering: Automotive






Legacy
Transactional



Today
Data-Supported
One-on-One Interactions



Evolve
Predicting
Hyper-Personalized

	Legacy Transactional	Today Data-Supported One-on-One Interactions	Evolve Predicting Hyper-Personalized
 Individualized	<ul style="list-style-type: none"> Go to dealership to purchase a vehicle, drive off the lot 	<ul style="list-style-type: none"> Formal data transfer and contact permission provided by owner Central customer experience center (CEC) focuses on individual 	<ul style="list-style-type: none"> Predictive analytics in relation to owner & vehicle Facilitate seamless, end-to-end digital customer experience
 Immediate	<ul style="list-style-type: none"> Owner fully responsible for all general maintenance and no alerts to problems until the problem has occurred 	<ul style="list-style-type: none"> Proactive outreach to driver for immediate solution Centralized, real-time vehicle information always seen by CEC 	<ul style="list-style-type: none"> Integrated information passed to service departments Immediate scheduling for service issues Stronger immediate engagement - improves loyalty to owner
 Intelligent	<ul style="list-style-type: none"> No intelligent, proactive information Static information about the car No connection beyond the direct sale 	<ul style="list-style-type: none"> Telematics activation information alert reaches CEC before reaching driver Predictive messaging regarding general maintenance needs 	<ul style="list-style-type: none"> Geolocation "sees" vehicle location System will provide driver with suggestions for parking Arrange for support/service when critical issues are identified

Commercial – C&I

Clients and Constituents



Offerings



Omni-Channel and Digital Experience



Advanced Analytics



Chat
Virtual Agent/
Live Agent



Self-Serve Mobile
Automated Agent



Workflow
Automation



Attended
Automation

Rob
A
V

Key Market Trends:

Sectors	Client Imperatives	Our solutions that make us well positioned
Digital Customer Experience Management	Manage customer lifecycle across channels to monetize touchpoints, improve loyalty, increase satisfaction	<ul style="list-style-type: none"> Automation, AI, machine learning End-to-end digital experience solutions and analytics

Key Digital Offerings:

Solution	Description
Digital Processing Platform (Conduent Automation Suite)	<p>Data-driven, intelligent approach complete critical processes throughout all phases of the lifecycle using automation and analytics</p> <ul style="list-style-type: none"> Enables o transform digital exp Provides a platform w up with ev expectatio

Conduent Interactive Solutions






Legacy
One-to-One Interaction



Today
Automation-Enabled Interactions



Evolve
Predictive, Intelligent
Experiences

	Legacy	Today	Evolve
 Individualized	<ul style="list-style-type: none"> Agent time spent handling routine calls made to a call center 	<ul style="list-style-type: none"> Chatbot plus caller assisted for self-help Data and analytics to reduce chat time 	<ul style="list-style-type: none"> Predictive analytics pro help pre-empt issues Enhanced AI and mach for individualized respo
 Immediate	<ul style="list-style-type: none"> Cx Agents only Lacks predictive analysis or behavior Lacks continuous learning feedback loop 	<ul style="list-style-type: none"> Chat-assist tool Automated text strings for recurring issues Significant reduction in average chat time 	<ul style="list-style-type: none"> Enhanced tools and use through AI, machine lea assistance
 Intelligent	<ul style="list-style-type: none"> Limited information and analysis 	<ul style="list-style-type: none"> Detects and suggests key repeating strings to respond to customers 	<ul style="list-style-type: none"> Apply data analytics to interactions to self-serv automated Chatbot ser

Human Resource Services Overview



Talent Strategy/Recruiting Administration



New Hire/Onboarding



Payroll Admin/Compensation/Global Rewards



Performance Reviews/Career



Benefits Management



Learning & Training



Life/Work Event Management



User Experience Optimization

Key Market Trends:

Sector	Client Imperatives	Our solutions that make us well positioned
HR Services	Manage end-to-end, recruit-to-retain employee lifecycle to improve engagement and productivity	<ul style="list-style-type: none"> • Workforce & HR Enablement • Health & Welfare • Finance & Retirement • Employee Engagement • Integrated Well Being

Key Digital Offerings:

Solution	Description	Benefits
Life@Work	Integrated total benefits and human resource solution	<ul style="list-style-type: none"> • Completely personalized • Helps employees make decisions and provides easy access to education and tools
RightOpt	Health exchange alternative: integrated benefit delivery solution with innovative plan design / benefit admin	<ul style="list-style-type: none"> • Reduces costs and administrative burden • Leverages data and analytics to create a personalized work/life experience
BenefitWallet	Consumer Directed Health (CDH) account solutions	<ul style="list-style-type: none"> • Data-driven, digital and personalized • Drives employee engagement and productivity • Promotes higher HSA utilization

Employee Engagement Solutions



Legacy
Paper-based and generic



Today
Self-service and Personalization



Evolving
End-to-end Engagement
channel, Personalized

	Legacy	Today	Evolving
Individualized	<ul style="list-style-type: none"> Present information based on my company and division 	<ul style="list-style-type: none"> Present information based on my demographic data 	<ul style="list-style-type: none"> Present information based on behavioral data level of information each employee wants or needs
Immediate	<ul style="list-style-type: none"> Support dependent on availability of local HR resource 	<ul style="list-style-type: none"> Self-service functionality so - employees can get information and complete transactions whenever they want 	<ul style="list-style-type: none"> Intuitive and easy use of technology Tailored personal experience via web, mobile devices Integrated omni-channel experience
Intelligent	<ul style="list-style-type: none"> Only system data is available Data can be displayed 	<ul style="list-style-type: none"> Explosion of data - 90% of data today has been created over last two years Access to unstructured data created through social and mobile channels Still reporting focused 	<ul style="list-style-type: none"> Value from workforce analytics Organization and employee experience from cognitive and predictive analytics Ability to tailor information on "segment of 1"

Leader Status Across Service Lines / Industries

Gartner

- Customer Management Contact Center BPO Magic Quadrant, Leader

Everest Group

- Contact Center Outsourcing Market for Healthcare Service Provider Landscape with PEAK Matrix, Leader
- Contact Center Outsourcing Market Service Provider Landscape with PEAK Matrix, Leader
- Multi-Process HRO Service Provider Landscape with PEAK Matrix, Major Contender

NelsonHall

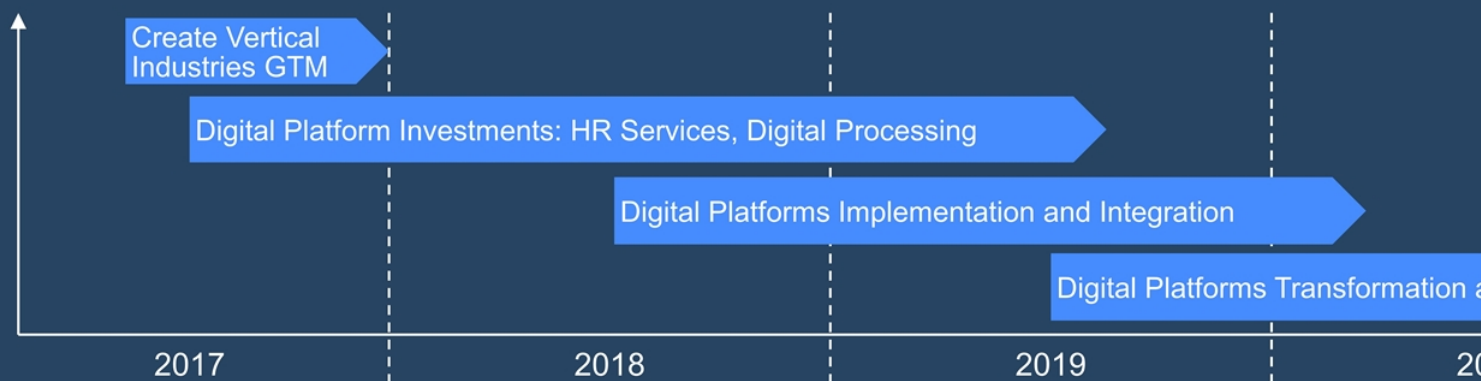
- Benefits Administration Services NEAT, Overall Leader
- Next Generation Learning BPS NEAT, Overall Leader
- Cloud-Based HR Services NEAT, Overall, Leader
- Multi-Process HR Services NEAT, Overall, Leader
- Multi-Process HR Services NEAT, Intelligent Talent Leader
- Customer Management Services in Telecom, Overall Leader
- CMS Multichannel Overall NEAT, A High Achiever
- CMS Client Experience Improvement Focus NEAT, a Leader
- CMS Self Service Focus NEAT, a Leader

C&I Growth Approach

Growth Parameters		Telecom Media & Entertainment	Auto/Aero/ Defense	Technology	Retail/Travel/ Logistics	Manufacturing
	Modernize our Base	<ul style="list-style-type: none"> • Life@Work 6 • Digital Processing and Automation • Omni-channel customer experience management and engagement • Finance, Accounting & Procurement 				
	Organic Growth in Existing Segments	<ul style="list-style-type: none"> • Global Integrated Employee Benefits & Engagement • Focus on leveraging existing capabilities to drive service line penetration across the 				
	Expand role in Emerging Value Chain	<ul style="list-style-type: none"> • Employer Risk Management: Legal and Compliance Solutions • Digital Processing and Automation • Revenue Cycle Management 				
	Inorganic Growth / Partnerships	<ul style="list-style-type: none"> • Content Moderation & Analytics • Legal & Compliance 	<ul style="list-style-type: none"> • Mobility-as-a-Service • IoT Solutions 	<ul style="list-style-type: none"> • Content Moderation & Analytics 	<ul style="list-style-type: none"> • Content Moderation & Analytics 	<ul style="list-style-type: none"> • IoT Solutions • Legal & Compliance Solutions
		<ul style="list-style-type: none"> • Micro-Learning Platform 				

Our Growth Roadmap

We have embarked on a [Digital Interactions](#) journey – the destination looks very different from where we are today



Service Mix Today

HR Services, Learning, Customer Care, Transaction Processing

Service Mix Tomorrow

Workforce Solutions, Learning, Omnichannel CX, Industry e.g. Automotive ecosystem, blockchain procurement, churn reduction

Competitors

Low value, specialized, smaller specialized, pure play, focused on specific horizontal providers

Competitors

Global, high value, consolidated, focused on "C" suite



CONDUENT

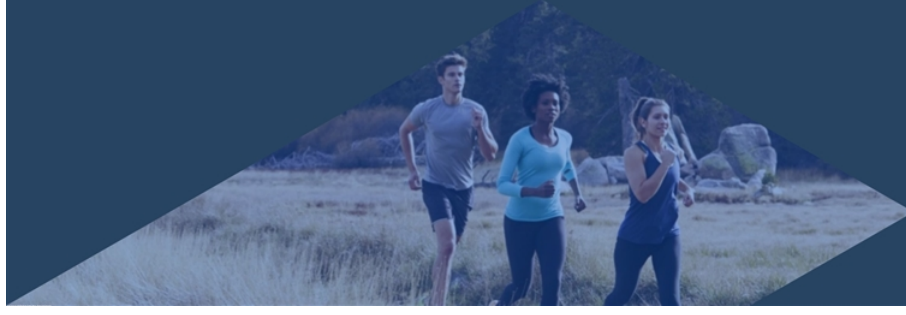


Analyst Day | June 8, 2018



Financial Services & Healthcare

Pratap Sarker, *Group Chief Executive*



Commercial – FS&H

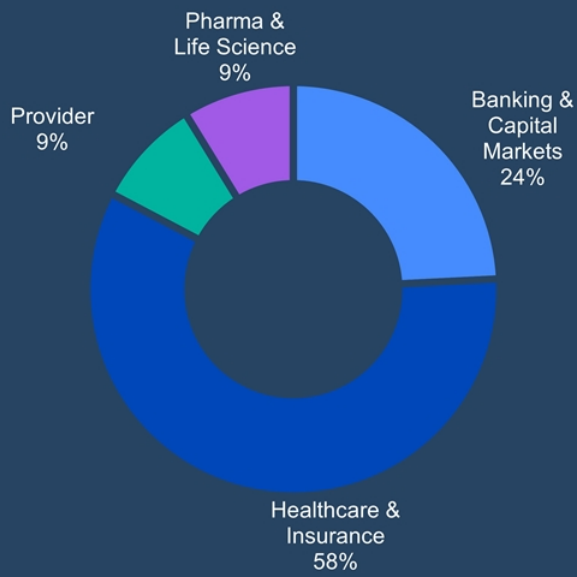
Clients and Constituents



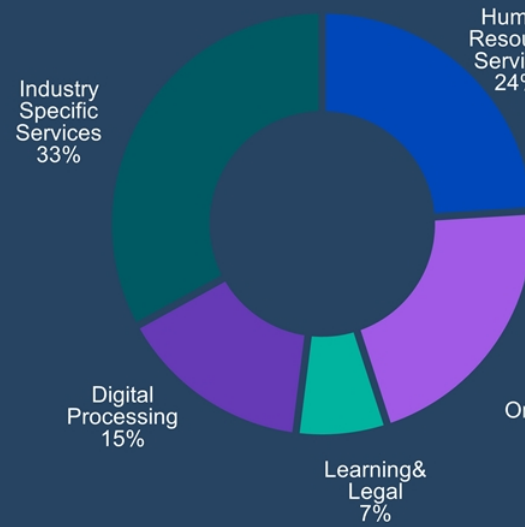
Offerings



Financials for FS&H Business



FY2017 FS&H Revenue By Vertical
(% of FS&H total)



FY2017 FS&H Revenue By Service
(% of FS&H total)

Note: Business sector revenue represents approximate FY2017 revenue excluding signed and unsigned divestitures

Focus on Clients and Outcomes

- 11 of the top 12 Fortune 500 commercial banks
- 20 of 20 managed U.S. healthcare plans
- 40% of U.S. hospitals (2,200 hospitals)
- 14 of 15 top global pharmaceutical companies

- 2/3 of U.S. insured patients are touched by our services
- 1+ Billion commercial and government claims processed each year
- 45 Million patients in our provider systems every year
- \$49 Billion in provider payments managed every year
- Manage over \$60 Billion in loan assets



Incident Reporting

Collect vital Information

15-20%

Drop in accidents through actionable data



24/7 Nurse Triage

Determine best course of action

40%

Reduction in ER visits



Bank Account Opening

Transformed to Deliver

90%

Reduction in cycle time and 90%+ reduction in error rate



30B Attorney Decisions

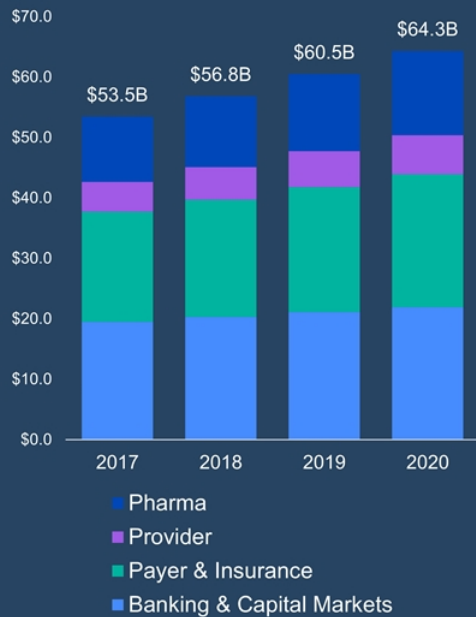
Leveraging analytical models

30%+

Cost savings due to reuse of attorney work product

FS&H Market Opportunity Set

Addressable Market⁽¹⁾ (\$B):
2018-2020 CAGR 6.4%



Business Sectors⁽²⁾



Banking & Capital Markets

~\$320M



Healthcare & Insurance

~\$770M



Provider

~\$110M

Client Imperatives:

Emergence of Fintech players offering flexibility, choice and digital experience

Triple Aim: Improve health outcomes, reduce cost of care, enhance an individual experience of care

Reduced reimbursements – transition to value-based care

Digital Platforms:



Consumer Lending



Medical Cost & Care Management



Health Outcomes

Horizontal Services:



Digital Payments



Digital Processing



Finance Accounting & Procurement



Risk & Compliance



Integrated Employee Engagement

(1)Source: NelsonHall

(2) Business sector revenue represents approximate FY2017 revenue excluding signed and to-be-signed divestitures

Health Outcomes Solutions

How does Conduent help healthcare providers improve their engagement with patients?



Legacy
Reactive
Care



Today
Refocusing
on Outcome

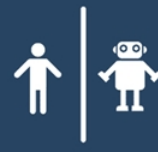


Evolving
Connection
and Behavior

	Legacy Reactive Care	Today Refocusing on Outcome	Evolving Connection and Behavior
Individualized	<ul style="list-style-type: none"> No true plan of care post hospital stay Mostly passive patients 	<ul style="list-style-type: none"> Reimbursement is changing to incentivize improved health outcomes Growing patient involvement 	<ul style="list-style-type: none"> Individualized wellness focused on health outcomes
Immediate	<ul style="list-style-type: none"> Manual Medical Records Inaccurate data Data not readily available 	<ul style="list-style-type: none"> Electronic Medical Records, wearable tech provide information about health Availability of provider performance data 	<ul style="list-style-type: none"> Care and diagnostic immediate, but proactive Telemedicine as the Primary Care Model
Intelligent	<ul style="list-style-type: none"> Reactive treatment for patients Re-imbursement for healthcare providers on a Fee-For Service basis 	<ul style="list-style-type: none"> Use of info from wearable tech and apps to change behavior Providers looking for ways to proactively manage health Trend toward greater healthcare consumerism 	<ul style="list-style-type: none"> Risk model for decline in wellness to allow for prevention Use of data science practices based on consumption and patient behavior

Consumer Lending




How does Conduent help its customers digitize interactions to maximize efficiencies and insights?



Legacy
Reactive, Slow,
Paper Intensive

Today
Focus on Quality/Risk, High Cost
to Originate and Service

Evolve
Automation and
to Reduce Risk

	Legacy	Today	Evolve
 Individualized	<ul style="list-style-type: none"> Paper intensive with no digital interaction Product focused not consumer focused No reuse of best practices/technology across lifecycle 	<ul style="list-style-type: none"> Paper reduced with increasing use of data Collections outreach driven by analytics Loans at risk given multiple options to cure 	<ul style="list-style-type: none"> Digitize documents and increase transparency and productivity Engagement at entire lifecycle Consumer focused Optimized channel of communication
 Immediate	<ul style="list-style-type: none"> Completely reactive process Massive paper Green screen systems with poor navigation Extensive time from application to approval 	<ul style="list-style-type: none"> Origination process started using technology with limited visibility after application Browser based system providing single view of Loan Servicing and Collections Lenders looking for ways to automate review of data/documents received 	<ul style="list-style-type: none"> Structured data feeds for review allowing for improved accuracy and consistency Interaction anywhere anytime through mobile systems Rules drive proactive self service options
 Intelligent	<ul style="list-style-type: none"> Manual reporting No analytics No proactive view of risk 	<ul style="list-style-type: none"> Tremendous amount of data not collected and/or not analyzed Limited proactive engagement or risk profiling 	<ul style="list-style-type: none"> Intelligence through data Elimination of stale data Analytics enables deployment of proactive sensors, and improved understanding of customer

Commercial – FS&H

Clients and Constituents



Offerings



Legal and Compliance Solutions




How does Conduent help its customers monitor compliance and mitigate risk?



Legacy eDiscovery & Data Hosting

Today Legal & Compliance

Evolve Cognitive Management

	Legacy eDiscovery & Data Hosting	Today Legal & Compliance	Evolve Cognitive Management
 Individualized	<ul style="list-style-type: none"> • Generic legal case management approach for all users • Single product and information delivery model 	<ul style="list-style-type: none"> • Litigation management, Investigations, and compliance assessments are tailored to industry, enterprise or regulatory need • Configurable deployment model delivers information faster and more accurately 	<ul style="list-style-type: none"> • Compliance offerings tailored to client-specific and holistic management of risk across the organization
 Immediate	<ul style="list-style-type: none"> • Manual processes • Slow data processing • Case by case, singular engagements 	<ul style="list-style-type: none"> • Automated processes and risk alerts enable proactive case preparation and regulatory compliance • Use of AI and machine learning to reduce cycle time in delivery of relevant information and insights 	<ul style="list-style-type: none"> • Automated, real-time solutions that allow for proactive risk management yielding improved risk and regulatory compliance
 Intelligent	<ul style="list-style-type: none"> • Limited insights • Inability to re-use prior work 	<ul style="list-style-type: none"> • Ability to rapidly gather information across virtually any structured or unstructured source • Levering AI against aggregated current & historical data to unlock previously undiscoverable information on risk 	<ul style="list-style-type: none"> • Prescriptive recommendations to protect against loss and revenue as well as guidance to avoid unnecessary costs • Proactive compliance

Leader Status Across Service Lines / Industries

Gartner

- Gartner Market Guide for Key Customer Management BPO Service Providers, 2/13
- Gartner Market Guide for Finance and Accounting BPO Service Providers, 3/15

Everest Group

- Everest Property & Casualty Insurance BPO PEAK, Leader, 3/22
- Everest Banking BPO PEAK, Major Contender, 3/26
- Everest Healthcare Payer Service Provider Profile Compendium, 2/2

HfS Research

- HfS Industry Spotlight Blueprint: Banking & Financial Services, Execution Powerhouse, 4/23
- HfS Industry Spotlight Blueprint: Insurance Operations Services, Execution Powerhouse, 5/18
- HfS Blueprint Report: Digital OneOffice, High Performer, 5/28

NelsonHall

- NelsonHall Benefits Administration Services NEAT, Leader, 1/31
- NelsonHall Benefits Administration Services NEAT, Optimization, Leader, 1/31
- NelsonHall Benefits Administration Services NEAT, Leader, 1/31
- NelsonHall Next Generation Learning BPS NEAT, Contender, 5/16
- NelsonHall Next Generation Learning BPS NEAT, Contender, 5/16
- NelsonHall Next Generation Learning BPS NEAT, Strategic Transformation, Leader, 5/16

Other

- Black Book Research: Ranked #1 – 2017 Healthcare Business Process Services
- Black Book Research: Ranked #1 – 2017 Healthcare Outsourcing Solutions
- Black Book Research: Ranked #1 – 2017 Healthcare Transaction Process
- Training Industry 2018 Content Development Top 20

FS&H Growth Approach

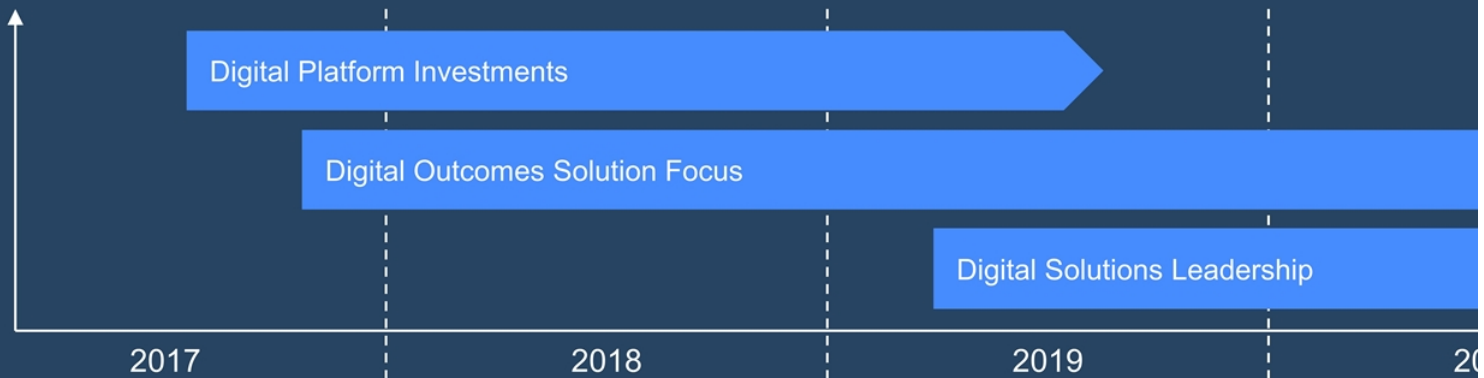
Our current portfolio offers process, technology and data-centric capabilities. Focused investments and a strong partner eco-system can help us create powerful solutions to solve our clients' current and future challenges.



Growth Parameters		Banking & Capital Markets	Healthcare & Insurance	Healthcare Provider
	Modernize our Base	<ul style="list-style-type: none"> Redesign Consumer Finance (Lending) 	<ul style="list-style-type: none"> Digital Processing platform Workers Compensation 	<ul style="list-style-type: none"> Midas modernization to Cloud Health Inside
	Organic Growth in Existing Segments	<ul style="list-style-type: none"> BlitzDocs Quality Checks Consumer Finance expansion (Cards) 	<ul style="list-style-type: none"> Payment Integrity & Recovery Services 	<ul style="list-style-type: none"> Health Outcomes Reimb Hub S
	Expand role in Emerging Value Chain	<ul style="list-style-type: none"> Patient Care Management Solutions Payment Integration – Healthcare Payments, B2B Payment, Accounting & Financing Solutio Multichannel Communication - Composition, Digital e-Payments and Voice based AI Assista 		
	Inorganic Growth / Partners	<ul style="list-style-type: none"> Loan Servicing Mortgage QC/DD Solutions AML/KYC 	<ul style="list-style-type: none"> Claims & Admin Platform (TPA) 	<ul style="list-style-type: none"> Revenue Cycle Management Reimb Hub / D
		<ul style="list-style-type: none"> Digital B2C/C2B Payments 		

Our Growth Roadmap

We have embarked on a [Digital Interactions](#) journey – the destination looks very different from where we are today.



Service Mix Today

Customer Care, Transaction Processing, Platform based solutions

Competitors

Low value, specialized, smaller specialized, pure play, focused on specific horizontal providers

Service Mix Tomorrow

SaaS, TPA, Omni-Channel, Digital Processing

Competitors

Global, high value, consolidated, focused on "C" suite



CONDUENT



Analyst Day | June 8, 2018



Public Sector

Dave Amoriell, *President*



Sector Overview

Winning Aspiration:

We will promote innovative government business process outsourcing solutions, and the positive experience between government administrations, their department or agency and the services they provide to their constituents

Clients and Constituents



Federal
Government



State
Government



Local
Government

Who We Serve



Government Agencies

Business Units and Offerings

Transportation



Electronic
Tolling



Public
Transit



Parking



Public
Safety

Government

Federal, State
& Local



Case
Management



Eligibility
Management

Payments



Child
Support



Citizen
Entitlement Benefits



Gov't
Payment

Healthcare



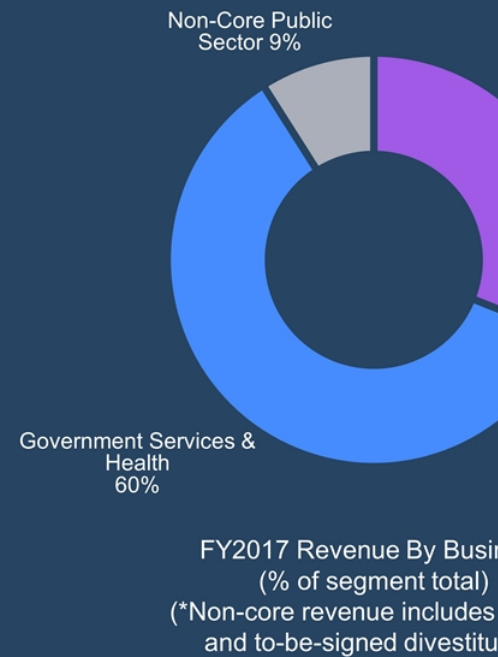
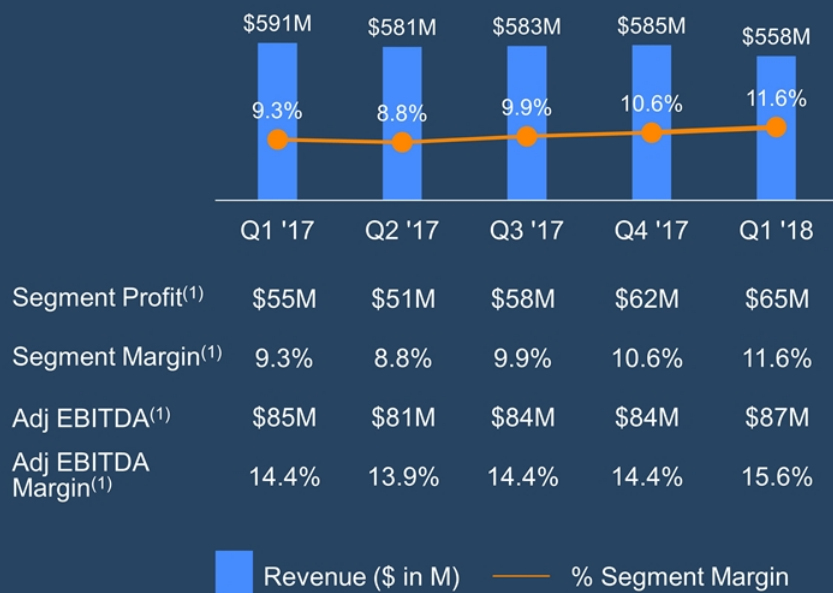
Medical Administration
Fiscal Agent



Pharmacy
Administration

Public Sector Financial Overview

Quarterly Revenue and Profit
(adjusting for ASC 606)⁽¹⁾

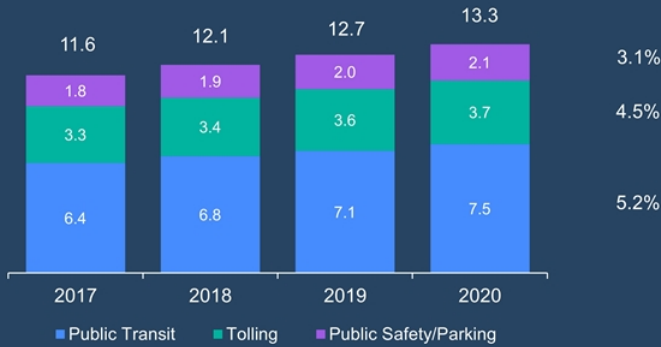


⁽¹⁾ Adjusted 2017 results for impact from ASC 606 accounting change and 2017 divestitures.

Note: Please refer to Appendix for Non-GAAP reconciliations for Revenue by segment, Operating Profit/Margin and Adjusted EBITDA/Margin

Transportation Overview

Addressable Market⁽¹⁾ (\$B):
2018-2020 CAGR 4.7%



Key Market Trends:

Client Imperatives	Our solutions that make us well positioned
Sprawling urbanization, traffic congestion, public policies; coupled with agencies desire to improve services and increase utilization	<ul style="list-style-type: none"> • Wrap Technology Around Customer Experience • Proven Solutions • Desired Business Model



Electronic Tolling
~\$300M of revenue



Public Transit
~\$220M of revenue

Key Transportation Digital Offerings

Solution	Benefit
Conduent Electronic Toll Collection Systems	• Front office support to customer and state of the art lane system with advanced analytics, mobile technologies
Conduent Fare Collection System	• Front office software with account payment systems. Transit systems
Conduent Parking Systems	• Complete financial transaction flow. Business intelligence, analytics, visualization tools
Conduent Public Safety	• Front office support. Mobile payment license plate recognition technology

1) Frost & Sullivan and Conduent Corporate Strategy
Note: business sector revenue represents approximate FY2017 revenue excluding signed and unsigned divestitures

Transit

How can transit operators and agencies around the world improve the experience of public transportation, attract more riders, while reducing the time of travel and contributing to lower traffic congestion in cities?



Legacy



Today



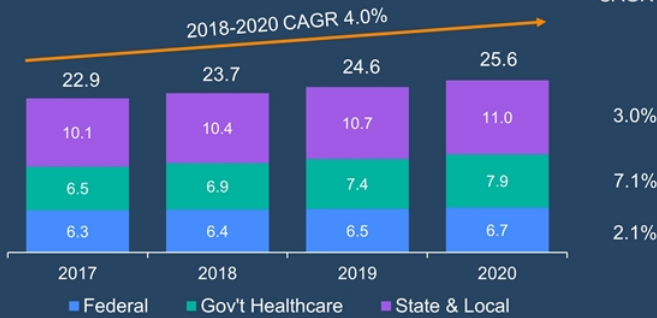
Evolution

	Legacy	Today	Evolution
 Individualized	<ul style="list-style-type: none"> • Cash payment • Token for payments • Tickets purchased from ticket offices 	<ul style="list-style-type: none"> • Smartcard based ticketing • Digital payments and processing 	<ul style="list-style-type: none"> • Intelligent personalization • Account based and digital • Learning of individual preferences
 Immediate	<ul style="list-style-type: none"> • Long lines at the ticket office • Poor transit attraction • Poor information to users 	<ul style="list-style-type: none"> • Smartcard reload and fare collection • Interoperability across various means of transportation • Real time information 	<ul style="list-style-type: none"> • Real time itineraries • Seamless travel and transfers • Real time information on various modes of transportation
 Intelligent	<ul style="list-style-type: none"> • Limited information and analytics • Limited financial auditing capabilities • High leakage 	<ul style="list-style-type: none"> • Improved data analytics with interoperability and integration between collection systems • Accurate understanding of fare collection 	<ul style="list-style-type: none"> • Integration of multiple transportation services • Integrated BI and analytics

Government Overview

Addressable Market (\$B):

2018-2020
CAGR %



Federal
~\$170M of
revenue

Citizen
Entitlement Benefits

Gov't
Payments

State & Local
~\$760M of
revenue

Child
Support

Case
Management

Eligibi
Manage

Healthcare
~\$480M of
revenue

Medical Administration
Fiscal Agent

Pharmacy
Administration

Key Market Trends:

Sector	Client Imperatives	Our solutions that make us well positioned
Federal	Integrated solutions to improve services to constituents; while standardizing services	<ul style="list-style-type: none"> Leverage horizontal businesses into Federal industry
Government Healthcare	State Medicaid Agency – Increases in Cost of Healthcare continues without abatement	<ul style="list-style-type: none"> Eliminate inefficiencies by connecting the value chain Focus on preventive care management
State & Local	Integration between agencies to make best decisions to plan, budget and operate agency	<ul style="list-style-type: none"> Proven Solutions Modernizing Technology Subject Matter Experts

Key Government Digital Offerings

Solution	Benefit
Conduent Social Services Solutions	<ul style="list-style-type: none"> Convenient and secure electronic pa programs. Advanced fraud and predi warehouse, mobile applications, and
Conduent Pharmacy Benefit Management Solutions	<ul style="list-style-type: none"> Automated, real-time POS pharmacy Enhanced business analytics to prov recommendations
Conduent Health & Human Services Solutions	<ul style="list-style-type: none"> Case management solutions with mo environment, predictive analytics too customer needs

Source: Frost & Sullivan, E&Y, Nelson-Hall, Gartner, Mercator Consulting, and Conduent Corporate Strategy
 Note: State & Local includes Government Payments, and Federal includes Government Healthcare;
 Business segment revenue represents approximate FY2017 revenue excluding signed and unsigned divestitures

Managing Medicaid Pharmacy Spending

How can States control spending and improve the safety and efficacy of drug therapies in Medicaid?



Legacy



Today



Evolved

	Legacy	Today	Evolved
Individualized	<ul style="list-style-type: none"> Paper-based submission, faxed prior forms and payment via check Non-scalable, standalone, costly systems 	<ul style="list-style-type: none"> Electronic prescription and claim submission, transmission and payment Scalable, integrated, cost-effective solutions 	<ul style="list-style-type: none"> E-Prescribing from a mobile device Seamless prior authorization integrating prescriber and pharmacist
Immediate	<ul style="list-style-type: none"> Limited clinical decision support Outdated systems and processes 	<ul style="list-style-type: none"> Comprehensive clinical decision support leveraging data from electronic medical records (EMR) Automated, streamlined processes 	<ul style="list-style-type: none"> Recipient apps to drive adherence and medication adherence
Intelligent	<ul style="list-style-type: none"> Limited information and analytics Drug management without medical data 	<ul style="list-style-type: none"> Integrated analytics portal Personalized control of therapies and dosage Detection and mitigation of fraud, waste and abuse 	<ul style="list-style-type: none"> Integration of medical history, enrollment analytics, drug design and population health Advanced analytics leveraging multiple data sources to predict outcomes

Government Benefit Payments

How can government agencies streamline benefits payments, improve analytics and reduce program fraud?



Legacy



Today



Evolved

	Legacy	Today	Evolved
Individualized	<ul style="list-style-type: none"> • Non-digital communication methods • Limited self – service options 	<ul style="list-style-type: none"> • Mobile, live agent, web, chat, digital customer experience • Intelligent IVR cardholder identification and call routing 	<ul style="list-style-type: none"> • Individualized accounts • Explore account services through Artificial Intelligence (e.g., Siri, Alexa, Google Assistant)
Immediate	<ul style="list-style-type: none"> • Basic disbursement channels (ATM, POS) • Limited fraud capabilities • Long program to market cycles 	<ul style="list-style-type: none"> • Increased benefit access capabilities (MoneyGram, Walmart) • Multi-Tenant Platforms to shorten implementation cycles 	<ul style="list-style-type: none"> • Ever increasing self-service options • Identify new FinTech opportunities to drive innovation
Intelligent	<ul style="list-style-type: none"> • Transactional oriented activities • Macro level analytics 	<ul style="list-style-type: none"> • Smart fraud reduction technologies (EMV, Neural fraud detection capabilities) at program level • Client data warehousing for capabilities for client on-demand analytic services 	<ul style="list-style-type: none"> • Data warehousing in a “consortium” approach for fraud detection capabilities

Focus on Clients and Touching Millions Every Day

Clients

- 50 out of 50 states serviced
- 27 countries use our transportation solutions

Awards and Accolades

- 2018 International Parking Institute Award of Merit (Park Indy and ParkDC)
- 2017 Best of Denver Award (Go Denver, Best Source of Up-to-Date Traffic Info)
- 2017 Benchmark portal center of excellence award for NY and NJ EZpass
- 2016 Gold Ribbon Academy of Managed Care Pharmacy Clinical Poster Award (Analysis of Medical Resource Utilization)
- 2016 Best of Intelligent Transportation Society America Award (Vehicle Passenger Detection System)
- 2016 Recognition by Bright Idea's Innovation in American Government (Los Angeles)



Over 400M government healthcare claims processed annually



Over 54 million registered payment cards with over \$85 billion in funds managed in 2017



More than 100M public transport tickets are processed daily



Leading provider of parking solutions with 44% market share in the U.S.

Se

Public Growth Approach

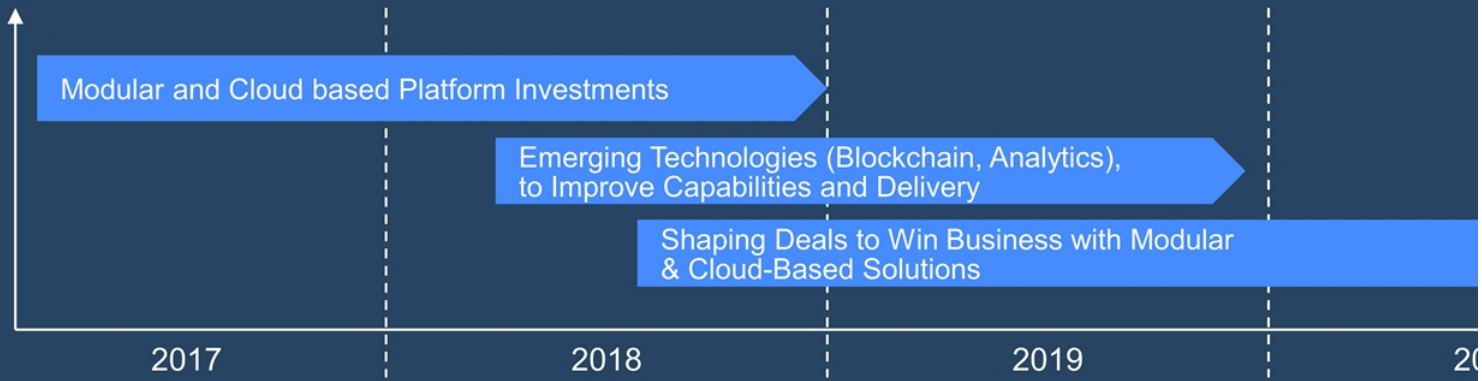
Our current portfolio offers process, technology and data-centric capabilities. Focused investments and a strong presence in key markets can help us create powerful solutions to solve our clients' current and future challenges.



Growth Parameters		Transportation	Government Healthcare	State & Local
	Modernize our Base	<ul style="list-style-type: none"> Investment focused on future product evolution 	<ul style="list-style-type: none"> Pharmacy Benefits Management platform functionality Long term care eligibility investment 	<ul style="list-style-type: none"> Configurable / modular case management offering
	Organic Growth in Existing Segments	<ul style="list-style-type: none"> Public Transit: Focus modular / cloud based platforms Tolling: platform modernization 	<ul style="list-style-type: none"> Lower overall cost of healthcare via administrative offerings 	<ul style="list-style-type: none"> Expand case management Enable citizens benefits
	Expand role in Emerging Value Chain	<ul style="list-style-type: none"> In Parking, pursue entry into UK on-street parking market 	<ul style="list-style-type: none"> Commercialize a Whole Patient / Whole Member (WPWM) integrated benefits management offering 	
	Inorganic Growth / Partnerships	<ul style="list-style-type: none"> Explore tuck in acquisitions Intellectual Property, Technology 	<ul style="list-style-type: none"> Explore tuck in acquisitions with focus on expanding value chain Partnerships to expand the value chain (i.e., care and utilization management) 	<ul style="list-style-type: none"> Explore partnerships to expand end to end solution on value chain - example: automated re-platforming of solutions

Our Growth Roadmap

We have embarked on a [Digital Interactions](#) journey – the destination looks very different from where we are today



Service Mix Today

Large Integrated Platform based solutions

Competitors

Specialized Strategics and pure-play competitors focused on transactions and customer retention

Service Mix Tomorrow

Modular, Mobile and Cloud

Competitors

Experts focused on expanding to improve the entire customer experience



CONDUENT



Analyst Day | June 8, 2018



Financial Overview

Brian Webb-Walsh, *Chief Financial Officer*



Key Takeaways

Stable
Core

Pivoting
to Growth

Improving Margins

Long Term Outlook

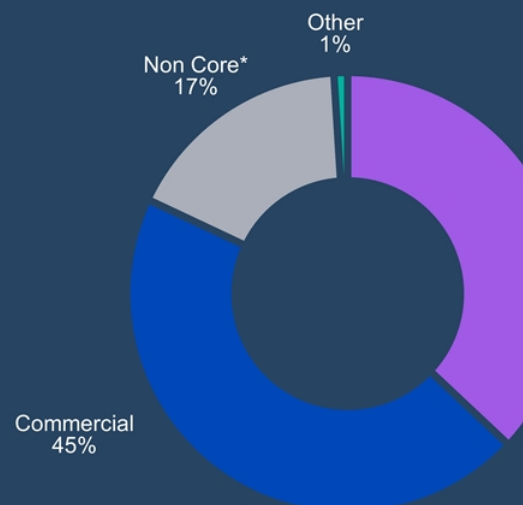
Financials for Overall Business

Quarterly Revenue and Profit
(adjusting for ASC 606 and FY2017 Divestitures)⁽¹⁾



Operating Profit ⁽¹⁾	\$83M	\$83M	\$107M	\$127M	\$105M
Operating Margin ⁽¹⁾	5.6%	5.8%	7.5%	8.7%	7.4%
Adj EBITDA ⁽¹⁾	\$147M	\$153M	\$170M	\$185M	\$161M
Adj EBITDA Margin ⁽¹⁾	9.9%	10.7%	11.9%	12.7%	11.3%

■ Revenue (\$ in B)
 —●— % Adj. EBITDA Margin






FY2017 Revenue By Segment
(*Non-core revenue includes signed to-be-signed divestitures)

⁽¹⁾ Adjusted 2017 results for impact from ASC 606 accounting change and 2017 divestitures.

Note: Please refer to Appendix for Non-GAAP reconciliations for Revenue by segment, Operating Profit/Margin and Adjusted EBITDA/Margin

FY2018 Guidance

	As of Feb 21st	As of May 9th	As of June 8th	
Revenue	\$5.60 - \$5.80B	\$5.44 - \$5.64B	\$5.41 - \$5.61B	 <ul style="list-style-type: none"> Assumes close date
Adj EBITDA	\$707 - \$733M	\$672 - \$698M	\$662 - \$688M	 <ul style="list-style-type: none"> Continued on margin post-divestiture
Adj EBITDA Margin	12.1 - 13.0%	11.9 - 12.8%	11.8 - 12.7%	
Adj Free Cash Flow	\$177 - \$257M	\$168 - \$244M	\$166 - \$241M	 <ul style="list-style-type: none"> Capex expected to be ~3% Assumes Adj tax rate
% of Adj EBITDA	25 - 35%	25 - 35%	25 - 35%	

All guidance metrics unchanged, excluding divestiture impact

Note: Refer to Appendix for Non-GAAP definitions for adjusted EBITDA, adjusted EBITDA margin, Adjusted Free Cash Flow and "Non-GAAP Outlook" for certain non-GAAP information concerning

Divestiture Update

Successfully Monetizing Non-Core Assets

Signed Divestitures

- Off-Street Parking
- Human Resources Consulting
- Commercial Vehicle Operations

Financials

- 2017 Revenue: ~\$390M
- 2017 Adj EBITDA: ~\$95M
- 2107 Adj EBITDA (after stranded-cost take out): ~\$65M
- Expected total proceeds: ~\$600M
- Post-tax total proceeds: ~\$500M

To-be-signed Divestitures

- ~\$100M Government businesses (Pu
- ~\$500M Stand-alone Customer Care

Financials

- 2017 Revenue: ~\$600M
- 2017 Adj EBITDA: ~\$50M
- 2017 Adj EBITDA (after stranded cost): ~\$10M




Total non-core revenue to divest: ~\$1B
Total non-core Adj EBITDA to divest: ~\$75M

Note: Please refer to Appendix definition for adjusted EBITDA

Defining “The Core” – The Stable Base

What FY2018 would look like **after** all ~\$1B of divestitures, stranded cost take-out (~7% of divested revenue) and deployment of proceeds

FY2018 Core

Revenue	\$4.6 - \$4.8B		<ul style="list-style-type: none">• Reflects \$1B in divestitures
Adj EBITDA	\$632 - \$658M		<ul style="list-style-type: none">• Reflects all divestitures and stranded cost take-out (7% of divested revenue)
Adj EBITDA Margin	13.2 - 14.3% margin		
Adj Free Cash Flow	\$190 - \$265M		<ul style="list-style-type: none">• Reflects:<ul style="list-style-type: none">• Debt pay-down (Net level)• Capex of ~3% of revenue• Adj tax rate of 30 - 35%
% of Adj EBITDA	30 - 40%		

Note: Refer to Appendix for Non-GAAP definitions for adjusted EBITDA, adjusted EBITDA margin, Adjusted Free Cash Flow and “Non-GAAP Outlook” for certain non-GAAP information concerning

Key Takeaways

Stable
Core

Pivoting
to Growth

Improving Margins

Long Term Outlook

Revenue – Growing the Core



Revenue Growth Drivers

Organic

- New business in existing segments
 - Increased sales capacity
 - Client engagement model
 - Service line expansion
- Modernize our base
 - Leverage technology differentiation
 - Expand role in value-chain

Inorganic

- Acquisitions focused on capabilities, technology, IP, automation, etc.
- Federal, Healthcare, and Transportation key horizontals (e.g., HRS, F&A)

Key Takeaways

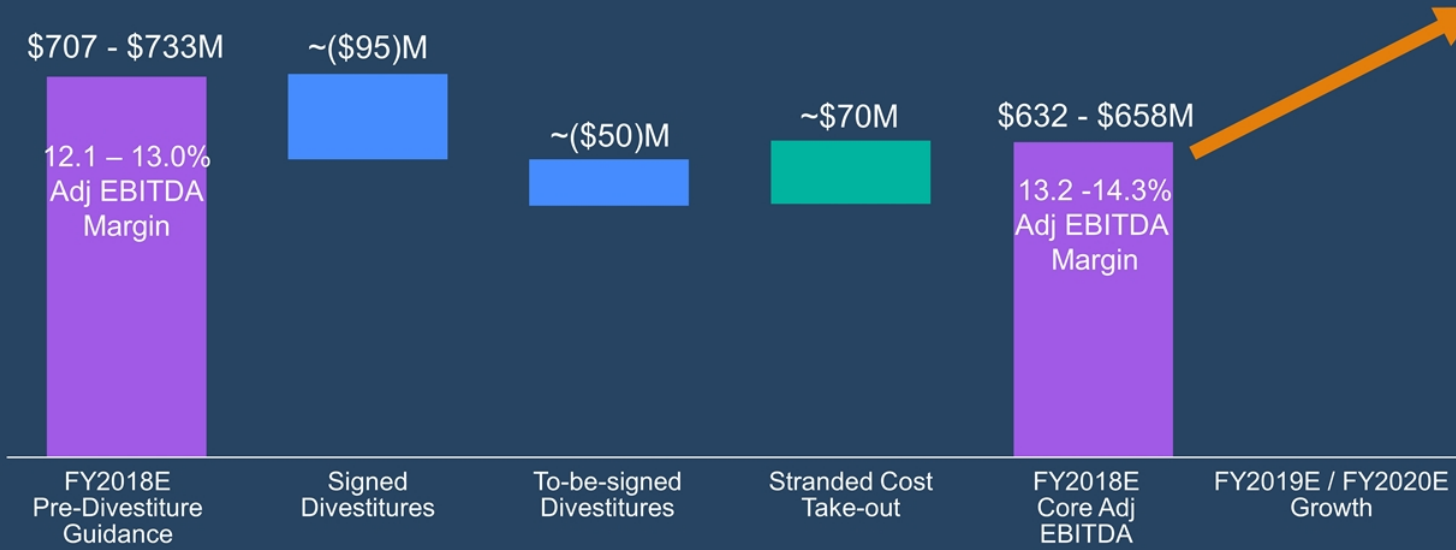
Stable
Core

Pivoting
to Growth

Improving Margins

Long Term Outlook

Adjusted EBITDA – Margin Improvement



Note: Please refer to Appendix for Non-GAAP reconciliations and definitions for adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA Growth Drivers

Growth

- Organic growth
 - Revenue growth from higher margin deals
 - Average new business margin threshold: >15% Adj EBITDA margin
 - Improved operating leverage
- Inorganic growth
 - Targeting >15% Adj EBITDA margins on average from acquisitions

Transformation

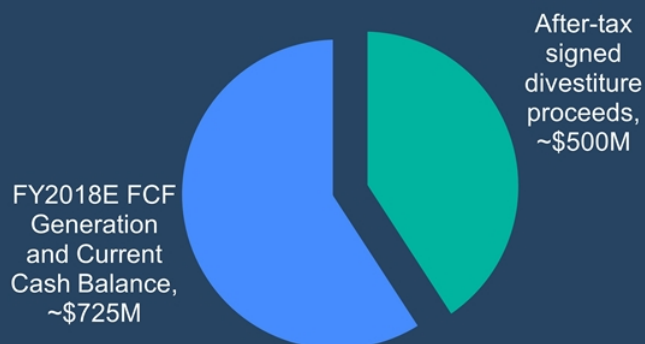
- Existing 3-Year \$700M plan
 - On track for \$225M of cost savings in FY2019
 - FY2019 benefit from full year effect of cost savings taken in FY2018
- Stranded Costs
 - Expect to address stranded cost from divested businesses in FY2019
 - 7% of signed and to-be-signed divested revenues (~\$70M)
 - Focus on corporate functions and IT
- Next phase of Transformation F
 - Accu-shoring: Leveraging global delivery capabilities
 - Benchmark systems and processes for corporate functions
 - Leveraging technology to drive automation of client delivery

Note: Please refer to Appendix for Non-GAAP reconciliations and definitions for adjusted EBITDA and adjusted EBITDA margin

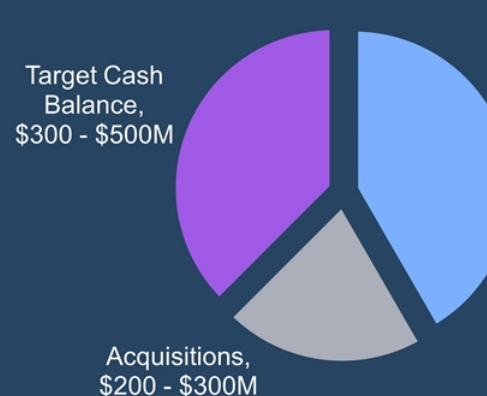
Sources / Uses of Cash in FY2018E

Using Cash to Create Shareholder Value

Sources of Cash ~\$1.2B Target Cash



Uses of Cash Balanced Capital Deplo



Note: Sources and Uses of cash exclude any potential proceeds from to-be-signed divestitures

Key Takeaways

Stable
Core

Pivoting
to Growth

Improving Margins

Long Term Outlook

Financial Performance Goals

	FY2018 Core	2019/2020	Dr
Revenue Growth	\$4.6 - \$4.8B	2.5 - 4% Annual Growth	<ul style="list-style-type: none"> • New logos • Inorganic growth • Client expansion
Adj EBITDA	\$632 - \$658M	>15% Adj EBITDA Margin by 2020	<ul style="list-style-type: none"> • Stranded costs • Next phase transition • Higher operating leverage
Adj EBITDA Margin	13.1 - 14.3%		
Adj Free Cash Flow	30 - 40% of Adj EBITDA	35 - 45% of Adj EBITDA	<ul style="list-style-type: none"> • Adj EBITDA margin • Lower interest expense • Adj tax rate: 25% • Lower restructuring costs • Capex of 2.5%

Note: Refer to Appendix for Non-GAAP definitions for adjusted EBITDA, adjusted EBITDA margin, Adjusted Free Cash Flow and "Non-GAAP Outlook" for certain non-GAAP information concerning

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Appendix

Non-GAAP Financial Measures

Non-GAAP Financial Measures

We have reported our financial results in accordance with U.S. generally accepted accounting principles (GAAP). In addition, we have discussed our financial results using the non-GAAP measures. Non-GAAP measures allow investors to better understand the trends in our business and to better understand and compare our results. Accordingly, we believe it is necessary to adjust several items determined in accordance with U.S. GAAP, to exclude the effects of certain items as well as their related tax effects. Management believes that these non-GAAP financial measures provide a more complete understanding of our business by analyzing the current periods' results against the corresponding prior periods' results. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the results prepared in accordance with U.S. GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable U.S. GAAP measures and should be used in conjunction with our Condensed Consolidated Financial Statements prepared in accordance with U.S. GAAP. Our management regularly uses our supplemental non-GAAP financial measures to manage and evaluate our business and make operating decisions, and providing such non-GAAP financial measures to investors allows for a further level of transparency as to how management views our business results and trends. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executive officers is based on certain of these non-GAAP measures.

A reconciliation of the following non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP are provided below.

Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin.

We make adjustments to Revenue, Costs and Expenses and Margin for the following items (as defined above), for the purpose of calculating Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin:

- Amortization of acquired intangible assets. The amortization of intangible assets is driven by acquisition activity, which can vary in size, nature and timing as compared to other companies in the industry from period to period.
- Restructuring and related costs. Restructuring and related costs include restructuring and asset impairment charges as well as costs associated with our strategic transformation.
- Separation costs. Separation costs are expenses incurred in connection with the separation from Xerox Corporation into a separate, independent, publicly traded company, including costs related to third-party investment banking, accounting, legal, consulting and other similar types of services related to the separation transaction as well as costs associated with the separation of the two companies.
- Interest expense. Interest expense includes interest on long-term debt and amortization of debt issuance costs.
- Other (income) expenses, net. Other (income) expenses, net includes currency (gains) losses, net, litigation matters and all other (income) expenses, net.
- NY Medicaid Management Information System (NY MMIS). Costs associated with the company not fully completing the State of New York Health Enterprise platform project.
- Health Enterprise (HE charge). Cost associated with not fully completing the Health Enterprise Medical platform implementation projects in California and Montana.
- Litigation costs (recoveries), net
- (Gain) loss on divestitures and transaction costs.
- ASC 606 adjustment.
- (Revenue) / (Income) loss from divestitures

We provide our investors with adjusted revenue, adjusted operating income and adjusted operating margin information, as supplemental information. This information offers added insight, by itself and for comparability between periods, by adjusting for certain non-cash items as well as certain other identified items. These measures are indicative of our ongoing business, and may also provide added insight on trends in our ongoing business.

Non-GAAP Financial Measures

Adjusted Other Segment Profit and Margin

We adjust our Other Segment profit and margin for NY MMIS and HE charge adjustments.

We provide Other segment adjusted loss and Other segment adjusted margin information, as supplemental information, because we believe that the adjusted costs and HE charge, which we do not believe are indicative of our ongoing business, supplemental provides investors added insight into underlying Other margin results and trends, both by itself and in comparison to other periods.

Segment and Consolidated Adjusted EBITDA and EBITDA Margin

We use Adjusted EBITDA and EBITDA Margin as an additional way of assessing certain aspects of our operations that, when viewed with the U.S. GAAP reconciliations to corresponding U.S. GAAP financial measures, provide a more complete understanding of our on-going business. We also use Adjusted EBITDA to provide additional information that is useful to understand the financial covenants contained in the Company's credit facility and indenture. Adjusted EBITDA is defined as EBITDA before Interest, Income Taxes, Depreciation and Amortization adjusted for the following items (which are defined above). EBITDA margin is Adjusted EBITDA divided by Revenue.

Revenue consisting of and related costs.

- Separation costs.
- Other (income) expenses, net.
- NY MMIS / NY MMIS Depreciation. Costs associated with the company not fully completing the State of New York Health Enterprise platform project.
- HE charge.
- (Gain) loss on divestitures and transaction costs.
- Litigation costs (recoveries), net.
- ASC 606 adjustment.
- (Revenue) / (Income) loss from divestitures.

Adjusted EBITDA is not intended to represent cash flows from operations, operating income (loss) or net income (loss) as defined by U.S. GAAP as indicators of performance. Management cautions that amounts presented in accordance with Conduent's definition of Adjusted EBITDA and EBITDA Margin may not be comparable to those reported by other companies because not all companies calculate Adjusted EBITDA and EBITDA Margin in the same manner.

Adjusted Public Sector Segment Revenue and Profit

We adjusted Public Sector Segment revenue, profit and margin for the NY MMIS and HE charges.

Free Cash Flow

Free Cash Flow is defined as cash flows from operating activities as reported on the consolidated statement of cash flows, less cost of additions to land, buildings and equipment, additions to internal use software, vendor financed capital lease and proceeds from sales of land, buildings and equipment. We use the non-GAAP measure of Free Cash Flow as a criterion of liquidity and performance-based components of employee compensation. We use Free Cash Flow as a measure of liquidity to determine amounts available to our businesses, such as amounts available to make acquisitions, invest in land, buildings and equipment and internal use software, make principal payments on debt, and pay dividends. On a meaningful basis for comparison, we are providing information with respect to our Free Cash Flow reconciled to cash flow provided by operating activities, which is the most directly comparable measure under U.S. GAAP.

Adjusted Free Cash Flow

Adjusted free cash flow is defined as free cash flow plus deferred compensation payments and transaction costs.

Non-GAAP Outlook

In providing outlook for adjusted EBITDA we exclude certain items which are otherwise included in determining the comparable GAAP financial measure. A description of the items which historically have been applicable in determining adjusted EBITDA are reflected in the table below. We are providing such outlook only on a non-GAAP basis because we are unable to predict with reasonable certainty the totality or ultimate outcome or occurrence of these adjustments for the forward-looking period, such as separation costs, NY MMIS, HE charge, and certain other adjusted items, which can be dependent on future events that may not be reliably predicted. Based on our historical experience, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to reported results.

Non-GAAP Reconciliation: Adj. Revenue and Adj. Operating Income / Margin

(in millions)	Q1 2018	FY 2017	Q4 2017	Previously Reported	
				Q3 2017	Q2 2017
GAAP Revenue From Continuing Operations	\$ 1,420	\$ 6,022	\$ 1,493	\$ 1,480	\$ 1,480
GAAP Pre-tax Income (Loss) From Continuing Operations	(54)	(16)	4	13	13
GAAP Operating Margin As Reported	(3.8)%	(0.3)%	0.3%	0.9%	0.9%
GAAP Pre-tax income (Loss) From Continuing Operations	\$ (54)	\$ (16)	\$ 4	\$ 13	\$ 13
<u>Adjustments:</u>					
Amortization of acquired intangible assets	61	243	61	60	60
NY MMIS	—	9	(1)	1	1
Restructuring and related costs	20	101	25	22	22
HE charge	—	(8)	—	(3)	(3)
Separation costs	—	12	4	2	2
Interest expense	33	137	32	35	35
(Gain) loss on divestitures and transaction costs	15	(42)	(1)	(16)	(16)
Litigation costs (recoveries), net	31	(11)	3	6	6
Other (income) expenses, net	(1)	(7)	3	(9)	(9)
Adjusted Operating Income/Margin	\$ 105	\$ 418	\$ 130	\$ 111	\$ 111
Adjusted Operating Margin	7.4%	6.9%	8.7%	7.5%	7.5%

Non-GAAP Reconciliation: Adjusted Revenue and Operating Income / Margin⁽¹⁾

(in millions)	Adjusted for 606 and Divestitures ⁽¹⁾				
	Q1 2018	FY 2017	Q4 2017	Q3 2017	Q2 2017
GAAP Revenue From Continuing Operations	\$ 1,420	\$ 6,022	\$ 1,493	\$ 1,480	\$ 1,427
ASC 606 adjustment	—	(166)	(41)	(39)	(39)
Less revenue from divestitures	—	(59)	—	(14)	(14)
Adjusted Revenue From Continuing Operations	1,420	5,797	1,452	1,427	1,427
Pre-tax Income (Loss) From Continuing Operations	(54)	(16)	4	13	13
ASC 606 adjustment	—	(11)	(3)	(2)	(2)
Less pre-tax (income) loss from divestitures	—	(7)	—	(2)	(2)
Adjusted Pre-Tax Income (Loss)	(54)	(34)	1	9	9
Adjusted Operating Margin	(3.8)%	(0.6)%	0.1%	0.6%	0.6%
Adjusted Revenue	\$ 1,420	\$ 5,797	\$ 1,452	\$ 1,427	\$ 1,427
Pre-tax income (Loss) From Continuing Operations	\$ (54)	\$ (16)	\$ 4	\$ 13	\$ 13
Adjustments:					
Amortization of acquired intangible assets	61	243	61	60	60
NY MMIS	—	9	(1)	1	1
Restructuring and related costs	20	101	25	22	22
HE charge	—	(8)	—	(3)	(3)
Separation costs	—	12	4	2	2
Interest expense	33	137	32	35	35
(Gain) loss on divestitures and transaction costs	15	(42)	(1)	(16)	(16)
Litigation costs (recoveries), net	31	(11)	3	6	6
ASC 606 adjustment	—	(11)	(3)	(2)	(2)
Less pre-tax (income) loss from divestitures	—	(7)	—	(2)	(2)
Other (income) expenses, net	(1)	(7)	3	(9)	(9)
Adjusted Operating Income/Margin	\$ 105	\$ 400	\$ 127	\$ 107	\$ 107
Adjusted Operating Margin	7.4%	6.9%	8.7%	7.5%	7.5%

⁽¹⁾ adjusted for the impact from 606 accounting standard change and revenue and (income) loss from divestitures

Non-GAAP Reconciliation: Adjusted EBITDA

(in millions)	Q1 2018	FY 2017	Q4 2017	Previously Reported Q3 2017	Q2 2017
<u>Reconciliation to Adjusted Revenue</u>					
GAAP Revenue From Continuing Operations	\$ 1,420	\$ 6,022	\$ 1,493	\$ 1,480	\$ 1,480
GAAP Net Income (Loss) from Continuing Operations	\$ (50)	\$ 177	\$ 208	\$ (17)	\$ (17)
Interest expense	33	137	32	35	35
Income tax expense (benefit)	(4)	(193)	(204)	30	30
Segment depreciation and amortization	56	254	58	63	63
Amortization of acquired intangible assets	61	243	61	60	60
EBITDA	\$ 96	\$ 618	\$ 155	\$ 171	\$ 171
<i>EBITDA Margin</i>	6.8%	10.3%	10.4%	11.6%	11.6%
EBITDA	\$ 96	\$ 618	\$ 155	\$ 171	\$ 171
Restructuring and related costs	20	101	25	22	22
Separation costs	—	12	4	2	2
NY MMIS	—	9	(1)	1	1
HE charge	—	(8)	—	(3)	(3)
(Gain) loss on divestitures and transaction costs	15	(42)	(1)	(16)	(16)
Litigation costs (recoveries), net	31	(11)	3	6	6
Other (income) expenses, net	(1)	(7)	3	(9)	(9)
Adjusted EBITDA	161	672	188	174	174
<i>Adjusted EBITDA Margin</i>	11.3%	11.2%	12.6%	11.8%	11.8%

Non-GAAP Reconciliation: Adjusted EBITDA⁽¹⁾

(in millions)	Adjusted for 606 and Divestitures ⁽¹⁾				
	Q1 2018	FY 2017	Q4 2017	Q3 2017	Q2 2017
Reconciliation to Adjusted Revenue					
GAAP Revenue From Continuing Operations	\$ 1,420	\$ 6,022	\$ 1,493	\$ 1,480	\$
ASC 606 adjustment	\$ —	\$ (166)	\$ (41)	\$ (39)	\$
Less revenue from divestitures	\$ —	\$ (59)	\$ —	\$ (14)	\$
Adjusted Revenue From Continuing Operations	\$ 1,420	\$ 5,797	\$ 1,452	\$ 1,427	\$
Net Income (Loss) from Continuing Operations	\$ (50)	\$ 177	\$ 208	\$ (17)	\$
Interest expense	33	137	32	35	
Income tax expense (benefit)	(4)	(193)	(204)	30	
Segment depreciation and amortization	56	254	58	63	
Amortization of acquired intangible assets	61	243	61	60	
ASC 606 adjustment	—	(11)	(3)	(2)	
Less pre-tax (income) loss from divestitures	—	(6)	—	(2)	
EBITDA adjusted for 606 and divestitures	\$ 96	\$ 601	\$ 152	\$ 167	\$
<i>EBITDA Margin</i>	6.8%	10.4%	10.5%	11.7%	
Adjusted EBITDA	\$ 96	\$ 601	\$ 152	\$ 167	\$
Restructuring and related costs	20	101	25	22	
Separation costs	—	12	4	2	
NY MMIS	—	9	(1)	1	
HE charge	—	(8)	—	(3)	
(Gain) loss on divestitures and transaction costs	15	(42)	(1)	(16)	
Litigation costs (recoveries), net	31	(11)	3	6	
Other (income) expenses, net	(1)	(7)	3	(9)	
Adjusted EBITDA	161	655	185	170	
<i>Adjusted EBITDA Margin</i>	11.3%	11.3%	12.7%	11.9%	

⁽¹⁾ adjusted for the estimated impact from the adoption of the 606 accounting standard, had it been applicable in FY 2017 and revenue and (income) loss from divestitures

Non-GAAP Reconciliation: Segment Adjusted EBITDA⁽¹⁾

(in millions)	Q1 2018	FY 2017	Q4 2017	Previously Reported Q3 2017	Q2 2017
Commercial Industries					
Segment GAAP revenue	\$ 854	\$ 3,475	\$ 879	\$ 845	\$ 8
Segment profit	\$ 44	\$ 181	\$ 73	\$ 49	\$
Segment depreciation and amortization	34	142	34	34	
Adjusted Segment EBITDA	78	323	107	83	
Adjusted EBITDA Margin	9.1%	9.3%	12.2%	9.8%	8
Public Sector					
Segment GAAP revenue	\$ 558	\$ 2,408	\$ 602	\$ 599	\$ 5
Segment profit	\$ 65	\$ 232	\$ 63	\$ 60	\$
Segment depreciation and amortization	22	107	23	28	
EBITDA	87	339	86	88	
EBITDA Margin	15.6%	14.1%	14.3%	14.7%	13
Segment EBITA	87	339	86	88	
NY MMIS ⁽²⁾	—	9	(1)	1	
HE charge ⁽²⁾	—	(8)	—	(3)	
Adjusted Segment EBITDA	87	340	85	86	
Adjusted EBITDA Margin	15.6%	14.1%	14.1%	14.4%	13
Other Segment					
Segment GAAP revenue	\$ 8	\$ 139	\$ 12	\$ 36	\$
GAAP Segment profit (loss)	\$ (4)	\$ 4	\$ (5)	\$ 4	\$
Segment depreciation and amortization	—	5	1	1	
Adjusted Segment EBITDA	\$ (4)	\$ 9	\$ (4)	\$ 5	\$
Adjusted EBITDA Margin	(50.0)%	6.5%	(33.3)%	13.9%	9

⁽¹⁾ Certain reclassifications have been made to prior year information to conform to current year presentation.

⁽²⁾ HE business moved from Other segment into Public Sector segment effective Q1 2018.

Non-GAAP Reconciliation: Segment Adjusted EBITDA⁽¹⁾

(in millions)	Adjusted for 606 and Divestitures ⁽¹⁾				
	Q1 2018	FY 2017	Q4 2017	Q3 2017	Q2 2017
Commercial Industries					
Segment GAAP revenue	\$ 854	\$ 3,475	\$ 879	\$ 845	\$ 845
ASC 606 adjustment	—	(93)	(23)	(22)	(22)
Segment Revenue Adjusted for 606	\$ 854	\$ 3,382	\$ 856	\$ 823	\$ 823
Segment profit	44	181	73	49	34
Segment depreciation and amortization	34	142	34	34	34
ASC 606 adjustment	—	(5)	(2)	—	—
Segment EBITDA Adjusted for 606	\$ 78	\$ 318	\$ 105	\$ 83	\$ 66
Adjusted EBITDA Margin	9.1%	9.4%	12.3%	10.1%	8.0%
Public Sector					
Segment GAAP revenue	\$ 558	\$ 2,408	\$ 602	\$ 599	\$ 599
ASC 606 adjustment	—	(68)	(17)	(16)	(16)
Segment Revenue Adjusted for 606	\$ 558	\$ 2,340	\$ 585	\$ 583	\$ 583
Segment profit	\$ 65	\$ 232	\$ 63	\$ 60	\$ 59
Segment depreciation and amortization	22	107	23	28	22
ASC 606 adjustment	—	(6)	(1)	(2)	—
Segment EBITDA Adjusted for 606	87	333	85	86	81
EBITDA Margin	15.6%	14.2%	14.5%	14.8%	13.9%
Segment EBITDA Adjusted for 606	87	333	85	86	81
NY MMIS ⁽²⁾	—	9	(1)	1	—
HE charge ⁽²⁾	—	(8)	—	(3)	—
Adjusted Segment EBITDA	87	334	84	84	81
Adjusted EBITDA Margin	15.6%	14.3%	14.4%	14.4%	13.9%

⁽¹⁾ adjusted for the estimated impact from the adoption of the 606 accounting standard, had it been applicable in FY 2017 and revenue and (income) loss from divestitures. Certain reclassifications have been made to conform to current year presentation.

⁽²⁾ HE business moved from Other segment into Public Sector segment effective Q1 2018.

Non-GAAP Reconciliation: Segment Adjusted EBITDA⁽¹⁾ Continued

(in millions)	Adjusted for 606 and Divestitures ⁽¹⁾				
	Q1 2018	FY 2017	Q4 2017	Q3 2017	Q2 2017
Other Segment					
Segment GAAP revenue	\$ 8	\$ 139	\$ 12	\$ 36	\$ 4
ASC 606 adjustment	—	(5)	(1)	(1)	—
Less revenue from divestitures	—	(59)	—	(14)	(2)
Segment GAAP revenue adjusted for 606 and divestitures	\$ 8	\$ 75	\$ 11	\$ 21	\$ 2
GAAP Segment profit (loss)	\$ (4)	\$ 4	\$ (5)	\$ 4	\$ 1
Segment depreciation and amortization	—	5	1	1	—
ASC 606 adjustment	—	—	—	—	—
Less pre-tax (income) loss from divestitures	—	(6)	—	(2)	—
Adjusted Segment EBITDA	\$ (4)	\$ 3	\$ (4)	\$ 3	\$ 1
Adjusted EBITDA Margin	(50.0)%	4.0%	(36.4)%	14.3%	15.0%

⁽¹⁾ adjusted for the estimated impact from the adoption of the 606 accounting standard, had it been applicable in FY 2017 and revenue and (income) loss from divestitures. Certain reclassifications have been made to prior year information to conform to current year presentation.

Non-GAAP Reconciliation: Free Cash Flow and Adj. Free Cash Flow

	Three Months E	
(in millions)	2018	
Operating Cash Flow	\$	(38)
Cost of additions to land, buildings & equipment		(33)
Proceeds from sales of land, buildings and equipment		(6)
Vendor financed capital leases		—
Free Cash Flow	\$	(77)
Deferred compensation payments and adjustments		7
Transaction costs		1
Adjusted Free Cash Flow	\$	(69)



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