

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: **September 30, 2023**

OR

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

For the transition period from _____ to _____

Commission File Number **001-37817**



CONDUENT INCORPORATED

(Exact Name of Registrant as specified in its charter)

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

81-2983623
(IRS Employer
Identification No.)

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

07932
(Zip Code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	CNDT	NASDAQ Global Select Market

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Small reporting company Emerging growth company

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

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

<u>Class</u>	<u>Outstanding at October 31, 2023</u>
Common Stock, \$0.01 par value	217,287,098

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Form 10-Q") and any exhibits to this Form 10-Q may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 (the "Litigation Reform Act"). These forward-looking statements and other information are based on our beliefs as well as assumptions made by us using information currently available. The words "anticipate," "believe," "estimate," "expect," "plan," "intend," "will," "aim," "should," "could," "forecast," "target," "may," "continue to," "endeavor," "if," "growing," "projected," "potential," "likely," "see," "ahead," "further," "going forward," "on the horizon," and similar expressions (including the negative and plural forms of such words and phrases), as they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, many of which are outside of our control, that could cause actual results to differ materially from those expected or implied by such forward-looking statements and could materially adversely affect our business, financial condition, results of operations, cash flows and liquidity.

Important factors and uncertainties that could cause our actual results to differ materially from those in our forward-looking statements include, but are not limited to: government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts, including contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our reliance on third-party providers; risk and impact of geopolitical events and increasing geopolitical tensions, macroeconomic conditions, natural disasters and other factors in a particular country or region on our workforce, customers and vendors; our ability to deliver on our contractual obligations properly and on time; changes in interest in outsourced business process services; claims of infringement of third-party intellectual property rights; our ability to estimate the scope of work or the costs of performance in our contracts; the loss of key senior management and our ability to attract and retain necessary technical personnel and qualified subcontractors; our failure to develop new service offerings and protect our intellectual property rights; our ability to modernize our information technology infrastructure and consolidate data centers; expectations relating to environmental, social and governance considerations; utilization of our stock repurchase program; the failure to comply with laws relating to individually identifiable information and personal health information; the failure to comply with laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to comply with data security standards; developments in various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings; risk and impact of potential goodwill and other asset impairments; our significant indebtedness and the terms of such indebtedness; our failure to obtain or maintain a satisfactory credit rating and financial performance; our ability to receive dividends or other payments from our subsidiaries; our ability to obtain adequate pricing for our services and to improve our cost structure; our ability to collect our receivables, including those for unbilled services; a decline in revenues from, or a loss of, or a reduction in business from or failure of significant clients; fluctuations in our non-recurring revenue; increases in the cost of voice and data services or significant interruptions in such services; changes in government regulation and economic, strategic, political and social conditions; volatility of our stock price and the risk of litigation following a decline in the price of our stock; economic factors such as inflation, the level of economic activity and labor market conditions, as well as rising interest rates; the completion of our portfolio rationalization strategy; and other factors that are set forth in the "Risk Factors" section, the "Legal Proceedings" section, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other sections of this Form 10-Q as well as in our 2022 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") and any subsequent Quarterly Report on Form 10-Q and Current Report on Form 8-K. Any forward-looking statements made by us in this Form 10-Q 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 because of new information, subsequent events or otherwise, except as required by law.

CONDUENT INCORPORATED

FORM 10-Q

September 30, 2023

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For additional information about Conduent Incorporated and access to our Annual Reports to Shareholders and SEC filings, free of charge, please visit our website at <https://investor.conduent.com/>. Any information on or linked from the website is not incorporated by reference into this Form 10-Q.

PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS (UNAUDITED)

**CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)**

(in millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 932	\$ 977	\$ 2,769	\$ 2,872
Operating Costs and Expenses				
Cost of services (excluding depreciation and amortization)	724	754	2,148	2,236
Selling, general and administrative (excluding depreciation and amortization)	115	117	344	332
Research and development (excluding depreciation and amortization)	2	2	5	5
Depreciation and amortization	81	54	199	168
Restructuring and related costs	7	4	49	24
Interest expense	28	22	82	59
Goodwill impairment	287	—	287	—
(Gain) loss on divestitures and transaction costs, net	3	1	8	(159)
Litigation settlements (recoveries), net	—	—	(22)	(31)
Other (income) expenses, net	(2)	—	(3)	—
Total Operating Costs and Expenses	1,245	954	3,097	2,634
Income (Loss) Before Income Taxes	(313)	23	(328)	238
Income tax expense (benefit)	(24)	8	(26)	87
Net Income (Loss)	\$ (289)	\$ 15	\$ (302)	\$ 151
Net Income (Loss) per Share:				
Basic	\$ (1.34)	\$ 0.06	\$ (1.42)	\$ 0.67
Diluted	\$ (1.34)	\$ 0.06	\$ (1.42)	\$ 0.66

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

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Income (Loss)	\$ (289)	\$ 15	\$ (302)	\$ 151
Other Comprehensive Income (Loss), Net⁽¹⁾				
Currency translation adjustments, net	(18)	(37)	3	(82)
Unrecognized gains (losses), net	(1)	(1)	—	(2)
Other Comprehensive Income (Loss), Net	<u>(19)</u>	<u>(38)</u>	<u>3</u>	<u>(84)</u>
Comprehensive Income (Loss), Net	<u>\$ (308)</u>	<u>\$ (23)</u>	<u>\$ (299)</u>	<u>\$ 67</u>

(1) All amounts are net of tax. Tax effects were immaterial.

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

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)

	September 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 451	\$ 582
Accounts receivable, net	612	630
Contract assets	197	171
Other current assets	275	242
Total current assets	1,535	1,625
Land, buildings and equipment, net	241	266
Operating lease right-of-use assets	202	197
Intangible assets, net	34	39
Goodwill	668	955
Other long-term assets	466	489
Total Assets	\$ 3,146	\$ 3,571
Liabilities and Equity		
Current portion of long-term debt	\$ 40	\$ 35
Accounts payable	166	228
Accrued compensation and benefits costs	195	197
Unearned income	99	81
Other current liabilities	305	382
Total current liabilities	805	923
Long-term debt	1,266	1,277
Deferred taxes	61	83
Operating lease liabilities	167	160
Other long-term liabilities	85	69
Total Liabilities	2,384	2,512
Contingencies (See Note 14)		
Series A convertible preferred stock	142	142
Common stock	2	2
Treasury stock, at cost	(7)	—
Additional paid-in capital	3,937	3,924
Retained earnings (deficit)	(2,852)	(2,543)
Accumulated other comprehensive loss	(463)	(466)
Total Conduent Inc. Equity	617	917
Noncontrolling Interest	3	—
Total Equity	620	917
Total Liabilities and Equity	\$ 3,146	\$ 3,571
Shares of common stock issued and outstanding	216,287	218,348
Shares of series A convertible preferred stock issued and outstanding	120	120
Shares of common stock held in treasury	2,226	—

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

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Nine Months Ended September 30,	
	2023	2022
Cash Flows from Operating Activities:		
Net income (loss)	\$ (302)	\$ 151
Adjustments required to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization	199	168
Contract inducement amortization	3	2
Deferred income taxes	(23)	43
Goodwill impairment	287	—
Amortization of debt financing costs	3	3
(Gain) loss on divestitures and sales of fixed assets, net	—	(166)
Stock-based compensation	13	15
Changes in operating assets and liabilities:		
Accounts receivable	19	24
Other current and long-term assets	(115)	(116)
Accounts payable and accrued compensation and benefits costs	(55)	6
Other current and long-term liabilities	(36)	(33)
Net change in income tax assets and liabilities	(26)	(4)
Net cash provided by (used in) operating activities	(33)	93
Cash Flows from Investing Activities:		
Cost of additions to land, buildings and equipment	(33)	(62)
Cost of additions to internal use software	(31)	(48)
Proceeds from divestitures	—	326
Net cash provided by (used in) investing activities	(64)	216
Cash Flows from Financing Activities:		
Payments on revolving credit facility	—	(100)
Payments on debt	(30)	(24)
Treasury stock purchases	(7)	—
Taxes paid for settlement of stock-based compensation	(7)	(1)
Dividends paid on preferred stock	(7)	(7)
Contribution from noncontrolling interest	3	—
Net cash provided by (used in) financing activities	(48)	(132)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2	(10)
Increase (decrease) in cash, cash equivalents and restricted cash	(143)	167
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	598	420
Cash, Cash Equivalents and Restricted Cash at End of period⁽¹⁾	\$ 455	\$ 587

(1) Includes \$4 million and \$10 million of restricted cash as of September 30, 2023 and 2022, respectively, that were included in Other current assets on their respective Condensed Consolidated Balance Sheets.

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

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CONDUENT INCORPORATED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

Three Months Ended September 30, 2023								
(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL ⁽¹⁾	Non-controlling Interest	Shareholders' Equity	
Balance at June 30, 2023	\$ 2	\$ (1)	\$ 3,931	\$ (2,561)	\$ (444)	\$ —	\$ 927	
Dividends - preferred stock, \$20/share	—	—	—	(2)	—	—	(2)	
Stock incentive plans, net	—	—	6	—	—	—	6	
Treasury stock purchases	—	(6)	—	—	—	—	(6)	
Contribution from noncontrolling interest	—	—	—	—	—	3	3	
Comprehensive Income (Loss):								
Net Income (Loss)	—	—	—	(289)	—	—	(289)	
Other comprehensive income (loss), net	—	—	—	—	(19)	—	(19)	
Total Comprehensive Income (Loss), Net	—	—	—	(289)	(19)	—	(308)	
Balance at September 30, 2023	\$ 2	\$ (7)	\$ 3,937	\$ (2,852)	\$ (463)	\$ 3	\$ 620	

Three Months Ended September 30, 2022								
(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL ⁽¹⁾	Non-controlling Interest	Shareholders' Equity	
Balance at June 30, 2022	\$ 2	\$ —	\$ 3,918	\$ (2,220)	\$ (475)	\$ —	\$ 1,225	
Dividends - preferred stock, \$20/share	—	—	—	(2)	—	—	(2)	
Stock incentive plans, net	—	—	6	—	—	—	6	
Treasury stock purchases	—	—	—	—	—	—	—	
Contribution from noncontrolling interest	—	—	—	—	—	—	—	
Comprehensive Income (Loss):								
Net Income (Loss)	—	—	—	15	—	—	15	
Other comprehensive income (loss), net	—	—	—	—	(38)	—	(38)	
Total Comprehensive Income (Loss), Net	—	—	—	15	(38)	—	(23)	
Balance at September 30, 2022	\$ 2	\$ —	\$ 3,924	\$ (2,207)	\$ (513)	\$ —	\$ 1,206	

Nine Months Ended September 30, 2023								
(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL ⁽¹⁾	Non-controlling Interest	Shareholders' Equity	
Balance at December 31, 2022	\$ 2	\$ —	\$ 3,924	\$ (2,543)	\$ (466)	\$ —	\$ 917	
Dividends - preferred stock, \$60/share	—	—	—	(7)	—	—	(7)	
Stock incentive plans, net	—	—	13	—	—	—	13	
Treasury stock purchases	—	(7)	—	—	—	—	(7)	
Contribution from noncontrolling interest	—	—	—	—	—	3	3	
Comprehensive Income (Loss):								
Net Income (Loss)	—	—	—	(302)	—	—	(302)	
Other comprehensive income (loss), net	—	—	—	—	3	—	3	
Total Comprehensive Income (Loss), Net	—	—	—	(302)	3	—	(299)	
Balance at September 30, 2023	\$ 2	\$ (7)	\$ 3,937	\$ (2,852)	\$ (463)	\$ 3	\$ 620	

Nine Months Ended September 30, 2022								
(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL ⁽¹⁾	Non-controlling Interest	Shareholders' Equity	
Balance at December 31, 2021	\$ 2	\$ —	\$ 3,910	\$ (2,351)	\$ (429)	\$ —	\$ 1,132	
Dividends - preferred stock, \$60/share	—	—	—	(7)	—	—	(7)	
Stock incentive plans, net	—	—	14	—	—	—	14	
Treasury stock purchases	—	—	—	—	—	—	—	
Contribution from noncontrolling interest	—	—	—	—	—	—	—	
Comprehensive Income (Loss):								
Net Income (Loss)	—	—	—	151	—	—	151	
Other comprehensive income (loss), net	—	—	—	—	(84)	—	(84)	
Total Comprehensive Income (Loss), Net	—	—	—	151	(84)	—	67	
Balance at September 30, 2022	\$ 2	\$ —	\$ 3,924	\$ (2,207)	\$ (513)	\$ —	\$ 1,206	

(1) AOCL - Accumulated other comprehensive loss. Refer to Note 13 – Accumulated Other Comprehensive Loss for the components of AOCL.

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

Note 1 – Basis of Presentation

References herein to “we,” “us,” “our,” the “Company” and “Conduent” refer to Conduent Incorporated and its consolidated subsidiaries unless the context suggests otherwise.

Description of Business

Conduent Incorporated is a New York corporation, organized in 2016. As a global technology-led business process solutions company, Conduent delivers digital business solutions and services spanning the commercial, government and transportation spectrum – creating exceptional outcomes for its clients and the millions of people who count on them. The Company leverages cloud computing, artificial intelligence, machine learning, automation and advanced analytics to deliver mission-critical solutions. Through a dedicated global team of associates, process expertise, and advanced technologies, Conduent’s solutions and services digitally transform its clients’ operations to enhance customer experiences, improve performance, increase efficiencies and reduce costs.

Basis of Presentation

The unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) on a basis consistent with reporting interim financial information in accordance with instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. The year-end Condensed Consolidated Balance Sheet was derived from the audited Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022. Certain reclassifications have been made to prior year information to conform to current year presentation. Intercompany balances and transactions have been eliminated. In the opinion of management, all adjustments necessary for a fair statement of the financial position, results of operations and cash flows have been made. These adjustments consist of normal recurring items. The interim results of operations are not necessarily indicative of the results of the full year. These financial statements should be read in conjunction with the Company’s Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

In the first quarter of 2023, the Company identified an error and recorded an out-of-period adjustment to correct the recognition of revenue on a Government segment contract that originated in 2020 and impacted all quarterly periods through December 31, 2022. This adjustment resulted in a reduction to revenue and income (loss) before income taxes of \$7 million and a corresponding decrease to accounts receivable of \$1 million and an increase to other current liabilities of \$6 million in the first quarter of 2023. The Company evaluated the impact of the out-of-period adjustment and concluded it was not material to any previously issued interim or annual consolidated financial statements and the adjustment is not expected to be material to the year ending December 31, 2023.

The Company has evaluated subsequent events through November 1, 2023, and no material subsequent events were identified.

Use of Estimates

Preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates. On an ongoing basis, the Company evaluates its estimates, including those related to fair values of financial instruments, goodwill and intangible assets, income taxes and contingent liabilities, among others. The Company bases its estimates on assumptions, both historical and forward looking, that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

As of September 30, 2023, the effects of global macroeconomic and geopolitical uncertainty on the Company’s business, results of operations and financial condition continue to evolve. As a result, many of the Company’s estimates and assumptions continue to require increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, the Company’s estimates may change materially in the future.

Summary of Significant Accounting Policies

There have been no changes to the Company's Significant Accounting Policies as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 other than the addition of policies related to a share repurchase program and Noncontrolling interest as described below.

Share Repurchase Program

On May 16, 2023, the Board of Directors authorized a share repurchase program, granting approval for the Company to repurchase up to \$75 million of its common stock over the next three years. The Company has the discretion to repurchase shares periodically through open market transactions and may include Rule 10b5-1 trading plans.

This share repurchase program does not obligate the Company to acquire a specific number of shares and the program may be modified, suspended or discontinued at any time at the Company's discretion without prior notice.

The Company holds repurchased shares of common stock as treasury stock. The Company accounts for treasury stock under the cost method and includes treasury stock as a component of shareholders' equity. The Company accrues the cost of repurchased shares and excludes such shares from the calculation of basic and diluted earnings per share, as of the trade date. The Company recognizes a liability for share repurchases which have not settled and for which cash has not been paid in Other current liabilities on the Company's Condensed Consolidated Balance Sheets.

Noncontrolling Interest

The Company's Consolidated Financial Statements include the historical basis of assets, liabilities, revenues and expenses of the individual businesses of the Company, including joint ventures over which the Company has a controlling financial interest. Control is based on ownership interest. The ownership interest held by an owner other than the Company in a less than wholly owned subsidiary is classified as a non-controlling interest. Net income (loss) is allocated to the noncontrolling interest based on ownership interest.

In May 2023, the Company signed a new customer contract with the State of Victoria, Australia to provide the next generation of the state's public transport ticketing system. As a result, the Company and Convergent Australia Pty Ltd ("Convergent") entered into a shareholder agreement to form Conduent Victoria Ticketing System Pty Ltd ("Conduent Victoria"). The Company holds an 80% equity investment in Conduent Victoria, while the remaining 20% is owned by Convergent.

For the three and nine months ended September 30, 2023, noncontrolling interest in Conduent Victoria was not material to the Company's Condensed Consolidated Statements of Income (Loss) or Condensed Consolidated Statements of Comprehensive Income (Loss) and, therefore, the Company did not present any separate disclosures for such noncontrolling interest in those statements.

Note 2 – Recent Accounting Pronouncements

The Company's significant accounting policies are described in Note 1 – Basis of Presentation and Summary of Significant Accounting Policies in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

New Accounting Standards Adopted

The Company has not adopted any new accounting standards in 2023 that had a material impact on its Consolidated Financial Statements.

New Accounting Standards To Be Adopted

The Company has considered all recent accounting standards issued, but not yet effective, and does not expect any to have a material impact on its Consolidated Financial Statements.

Note 3 – Revenue

Disaggregation of Revenue

The following table provides information about disaggregated revenue by major service offering, the timing of revenue recognition and a reconciliation of the disaggregated revenue by reportable segment. Refer to Note 4 – Segment Reporting for additional information on the Company's reportable segments.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Commercial:				
Customer experience management	\$ 144	\$ 162	\$ 463	\$ 468
Business operations solutions	126	138	388	415
Healthcare claims and administration solutions	87	100	266	278
Human capital solutions	108	104	327	325
Total Commercial	465	504	1,444	1,486
Government:				
Government healthcare solutions	159	150	453	438
Government services solutions	131	141	371	418
Total Government	290	291	824	856
Transportation:				
Road usage charging & management solutions	81	87	237	244
Transit solutions	61	55	157	161
Curbside management solutions	18	22	57	63
Public safety solutions	15	16	44	49
Commercial vehicles	2	2	6	6
Total Transportation	177	182	501	523
Divestitures	—	—	—	7
Total Consolidated Revenue	\$ 932	\$ 977	\$ 2,769	\$ 2,872
Timing of Revenue Recognition:				
Point in time	\$ 25	\$ 37	\$ 76	\$ 82
Over time	907	940	2,693	2,790
Total Revenue	\$ 932	\$ 977	\$ 2,769	\$ 2,872

Contract Balances

The Company receives payments from customers based upon contractual billing schedules. Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets are the Company's rights to consideration for services provided when the right is conditioned on something other than passage of time (for example, meeting a milestone for the right to bill under the cost-to-cost measure of progress). Contract assets are transferred to Accounts receivable, net when the rights to consideration become unconditional. Unearned income includes payments received in advance of performance under the contract, which are realized when the associated revenue is recognized under the contract.

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The following table provides information about the balances of the Company's contract assets, unearned income and receivables from contracts with customers:

(in millions)	September 30, 2023	December 31, 2022
Contract Assets (Unearned Income)		
Current contract assets	\$ 197	\$ 171
Long-term contract assets ⁽¹⁾	11	12
Current unearned income	(99)	(81)
Long-term unearned income ⁽²⁾	(55)	(42)
Net Contract Assets	\$ 54	\$ 60
Accounts receivable, net	\$ 612	\$ 630

(1) Presented in Other long-term assets in the Condensed Consolidated Balance Sheets.

(2) Presented in Other long-term liabilities in the Condensed Consolidated Balance Sheets.

Revenues of \$8 million and \$50 million were recognized during the three and nine months ended September 30, 2023, respectively, related to the Company's unearned income at December 31, 2022. Revenues of \$14 million and \$67 million were recognized during the three and nine months ended September 30, 2022, respectively, related to the Company's unearned income at December 31, 2021.

The Company had no material asset impairment charges related to contract assets for the three and nine months ended September 30, 2023 or 2022.

Transaction Price Allocated to the Remaining Performance Obligations

Estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially satisfied at September 30, 2023 was approximately \$1.6 billion. The Company expects to recognize approximately 62% of this revenue over the next two years and the remainder thereafter.

Note 4 – Segment Reporting

The Company's reportable segments correspond to how it organizes and manages the business, as defined by the Company's Chief Executive Officer, who is also the Company's Chief Operating Decision Maker (the "CODM"). The Company's segments involve the delivery of business process services and include service arrangements where it manages a customer's business activity or process.

The Company's financial performance is based on Segment Profit (Loss) for its three reportable segments (Commercial, Government and Transportation), Divestitures and Unallocated Costs. The Company's CODM does not evaluate operating segments using discrete asset information.

Commercial: The Commercial segment provides business process services and customized solutions to clients in a variety of industries. Across the Commercial segment, the Company operates on its clients' behalf to deliver mission-critical solutions and services to reduce costs, improve efficiencies and enable revenue growth for the Company's clients and their consumers and employees.

Government: The Government segment provides government-centric business process services to U.S. federal, state and local and foreign governments for public assistance, health services, program administration, transaction processing and payment services. The solutions in this segment help governments respond to changing rules for eligibility and increasing citizen expectations.

Transportation: The Transportation segment provides systems, support, and revenue-generating solutions, to government transportation agency clients. The Company delivers mission-critical public safety, mobility and digital payment solutions that streamline operations, have a positive impact on the environment and increase revenue and reduce congestion while creating safe, seamless travel experiences for consumers.

Divestitures includes the Company's Midas Suite of patient safety, quality and advanced analytics solutions which it sold to a third party in the first quarter of 2022.

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Unallocated Costs includes IT infrastructure costs that are shared by multiple reportable segments, enterprise application costs and certain corporate overhead expenses not directly attributable or allocated to the reportable segments.

Selected financial information for the Company's reportable segments was as follows:

(in millions)	Three Months Ended September 30,					
	Commercial	Government	Transportation	Divestitures	Unallocated Costs	Total
2023						
Revenue	\$ 465	\$ 290	\$ 177	\$ —	\$ —	\$ 932
Segment profit (loss)	\$ 6	\$ 84	\$ (4)	\$ —	\$ (75)	\$ 11
2022						
Revenue	\$ 504	\$ 291	\$ 182	\$ —	\$ —	\$ 977
Segment profit (loss)	\$ 44	\$ 79	\$ 16	\$ —	\$ (87)	\$ 52

(in millions)	Nine Months Ended September 30,					
	Commercial	Government	Transportation	Divestitures	Unallocated Costs	Total
2023						
Revenue	\$ 1,444	\$ 824	\$ 501	\$ —	\$ —	\$ 2,769
Segment profit (loss)	\$ 87	\$ 224	\$ (9)	\$ —	\$ (224)	\$ 78
2022						
Revenue	\$ 1,486	\$ 856	\$ 523	\$ 7	\$ —	\$ 2,872
Segment profit (loss)	\$ 94	\$ 224	\$ 40	\$ 2	\$ (218)	\$ 142

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Segment Profit (Loss) Reconciliation to Pre-tax Income (Loss)				
Income (Loss) Before Income Taxes	\$ (313)	\$ 23	\$ (328)	\$ 238
Reconciling items:				
Amortization of acquired intangible assets	1	2	5	11
Restructuring and related costs	7	4	49	24
Interest expense	28	22	82	59
Goodwill impairment	287	—	287	—
(Gain) loss on divestitures and transaction costs, net	3	1	8	(159)
Litigation settlements (recoveries), net	—	—	(22)	(31)
Other (income) expenses, net	(2)	—	(3)	—
Segment Profit (Loss)	<u>\$ 11</u>	<u>\$ 52</u>	<u>\$ 78</u>	<u>\$ 142</u>

Refer to Note 3 – Revenue for additional information on disaggregated revenues of the reportable segments.

Note 5 – Divestitures

Announced Transfer of BenefitWallet Portfolio

In September 2023, the Company entered into a Custodial Transfer and Asset Purchase Agreement to transfer its BenefitWallet health savings account and medical savings account portfolio (collectively, the "Portfolio") to HealthEquity, Inc. ("HealthEquity"). The transfer is expected to close in multiple tranches during the first half of 2024 and is subject to the satisfaction of certain customary closing conditions. As of September 30, 2023, there were no asset or liability balances related to the Portfolio that would require disclosure as assets and liabilities held for sale on the Company's Condensed Consolidated Balance Sheet. The Portfolio generated revenue of \$32 million and \$95 million in the three and nine months ended September 30, 2023, respectively and \$20 million and \$46 million in the three and nine months ended September 30, 2022, respectively.

Completed Divestiture

On February 8, 2022, the Company completed the sale of its Midas business to Sympplr Software, Inc. The Company received \$322 million of cash consideration for this divestiture (\$321 million in the first quarter of 2022 and \$1 million in the second quarter of 2022). The divestiture generated a pre-tax gain of \$166 million (\$165 million in the first quarter of 2022 and \$1 million in the second quarter of 2022), which is included in (Gain) loss on divestitures and transaction costs, net. The Company recorded approximately \$62 million of income taxes in connection with the divestiture. The revenue generated by this business was \$7 million for the nine months ended September 30, 2022.

Note 6 – Software, Net

Internal Use and Product Software

Internal use and Product software are included in Other long-term assets on the Company's Condensed Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022, with their respective balances as follows:

(in millions)	September 30, 2023	December 31, 2022
Internal use software, at cost	\$ 636	\$ 621
Accumulated amortization and impairment	(476)	(432)
Internal use software, net	<u>\$ 160</u>	<u>\$ 189</u>
Product software, at cost	\$ 221	\$ 207
Accumulated amortization and impairment	(126)	(97)
Product software, net	<u>\$ 95</u>	<u>\$ 110</u>

During the third quarter of 2023, the Company made a strategic decision to abandon an Internal use software project and a customer decided not to implement a Product software solution. Consequently, the Company recorded an impairment charge of \$19 million and \$6 million in the third quarter of 2023, respectively, for the previously capitalized software costs associated with these projects.

The total impairment charge of \$25 million related to these software projects are included in Depreciation and amortization line item on the Condensed Consolidated Statements of Income (Loss).

Note 7 – Goodwill

The following table presents the changes in the carrying amount of goodwill, by reportable segment:

(in millions)	Commercial	Government	Transportation	Total
Balance at December 31, 2022	\$ 287	\$ 611	\$ 57	\$ 955
Foreign currency translation	—	—	—	—
Impairment	(287)	—	—	(287)
Balance at September 30, 2023	<u>\$ —</u>	<u>\$ 611</u>	<u>\$ 57</u>	<u>\$ 668</u>
Gross goodwill	\$ 2,198	\$ 1,365	\$ 637	\$ 4,200
Accumulated impairment	(2,198)	(754)	(580)	(3,532)
Balance at September 30, 2023	<u>\$ —</u>	<u>\$ 611</u>	<u>\$ 57</u>	<u>\$ 668</u>

Impairment Charge

In September 2023, the Company entered into a Custodial Transfer and Asset Purchase Agreement (the "Purchase Agreement") to transfer its BenefitWallet health savings account and medical savings account portfolio, which is reported within the Company's Commercial segment. Since the Purchase Agreement does not represent a disposition of a business, no goodwill was allocated to the Portfolio related to this transaction.

Consequently, the Purchase Agreement was identified as a triggering event for the Commercial reporting unit that required the Company to evaluate goodwill for impairment. This evaluation resulted in a full impairment of the Commercial reporting unit's goodwill, totaling \$287 million. The impairment charge was primarily driven by the Purchase Agreement, and was recognized during the quarter ended September 30, 2023.

The fair values of the goodwill impairment charge were estimated based on a determination of the implied fair value of goodwill, leveraging the results from the Income Approach and Market Approach, and are designated as level 3 of the fair value hierarchy.

In connection with the Commercial reporting unit impairment assessment, the Company first performed a recoverability assessment of long-lived assets and concluded that such assets were not impaired.

Note 8 – Restructuring Programs and Related Costs

The Company engages in a series of restructuring programs related to exiting certain activities, downsizing its employee base, outsourcing certain internal functions and engaging in other actions designed to reduce its cost structure and improve productivity. The implementation of the Company's operational efficiency improvement initiatives has reduced the Company's real estate footprint across all geographies and segments resulting in lease right-of-use asset ("ROU") impairments and other related costs. Also included in Restructuring and related costs are incremental, non-recurring costs related to the consolidation of the Company's data centers, which totaled \$3 million and \$2 million for the three months ended September 30, 2023 and 2022, respectively, and \$7 million and \$9 million for the nine months ended September 30, 2023 and 2022, respectively. Management continues to evaluate the Company's businesses and, in the future, there may be additional provisions for new plan initiatives and/or changes in previously recorded estimates as payments are made, or actions are completed.

Costs associated with restructuring, including employee severance and lease termination costs, are generally recognized when it has been determined that a liability has been incurred, which is generally upon communication to the affected employees or exit from the leased facility. In those geographies where the Company has either a formal severance plan or a history of consistently providing severance benefits representing a substantive plan, it recognizes employee severance costs when they are both probable and reasonably estimable. Asset impairment costs related to the reduction of the Company's real estate footprint include impairment of operating lease ROU assets and associated leasehold improvements.

A summary of the Company's restructuring program activity during the nine months ended September 30, 2023 and 2022 is as follows:

(in millions)	Severance and Related Costs	Termination and Other Costs	Asset Impairments	Total
Accrued Balance at December 31, 2022	\$ 10	\$ —	\$ —	\$ 10
Provision	25	18	7	50
Changes in estimates	(1)	—	—	(1)
Total Net Current Period Charges ⁽¹⁾	24	18	7	49
Charges against reserve and currency	(24)	(17)	(7)	(48)
Accrued Balance at September 30, 2023	\$ 10	\$ 1	\$ —	\$ 11
Accrued Balance at December 31, 2021	\$ 5	\$ 1	\$ —	\$ 6
Provision	4	13	6	23
Changes in estimates	(1)	—	—	(1)
Total Net Current Period Charges ⁽¹⁾	3	13	6	22
Charges against reserve and currency	(7)	(14)	(6)	(27)
Accrued Balance at September 30, 2022	\$ 1	\$ —	\$ —	\$ 1

(1) Represents amounts recognized within the Consolidated Statements of Income (Loss) for the years shown.

During the three and nine months ended September 30, 2023, the Company incurred \$0 million and \$6 million, respectively, of professional support costs associated with bringing certain technology functions in-house.

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The following table summarizes the total amount of costs incurred in connection with these restructuring programs by reportable and non-reportable segment:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Commercial	\$ 2	\$ 1	\$ 25	\$ 2
Government	—	—	—	—
Transportation	—	—	—	—
Divestitures	—	—	—	—
Unallocated Costs ⁽¹⁾	5	3	24	20
Total Net Restructuring Charges	\$ 7	\$ 4	\$ 49	\$ 22

(1) Represents costs related to the consolidation of the Company's data centers, operating lease ROU assets impairment, termination and other costs not allocated to the segments.

Note 9 – Debt

Long-term debt was as follows:

(in millions)	September 30, 2023	December 31, 2022
Term loan A due 2026	\$ 242	\$ 252
Term loan B due 2028	506	510
Senior notes due 2029	520	520
Revolving credit facility maturing 2026	—	—
Finance lease obligations	30	20
Other	28	33
Principal debt balance	1,326	1,335
Debt issuance costs and unamortized discounts	(20)	(23)
Less: current maturities	(40)	(35)
Total Long-term Debt	\$ 1,266	\$ 1,277

As of September 30, 2023, the Company had no outstanding borrowings under its Revolver. However, the Company utilized \$2 million of the Revolver to issue letters of credit as of September 30, 2023. The net Revolver available to be drawn upon as of September 30, 2023 was \$548 million.

At September 30, 2023, the Company was in compliance with all debt covenants related to the borrowings in the table above.

Note 10 – Financial Instruments

The Company is a global company that is exposed to foreign currency exchange rate fluctuations in the normal course of its business. As a part of the Company's foreign exchange risk management strategy, the Company uses derivative instruments, primarily forward contracts, to hedge the funding of foreign entities which have a non-dollar functional currency, thereby reducing volatility of earnings or protecting fair values of assets and liabilities.

At September 30, 2023 and December 31, 2022, the Company had outstanding forward exchange contracts with gross notional values of \$143 million and \$104 million, respectively. At September 30, 2023, approximately 68% of these contracts mature within three months, 12% in three to six months, 14% in six to twelve months and 6% in greater than twelve months. Most of these foreign currency derivative contracts are designated as cash flow hedges and did not have a material impact on the Company's balance sheet, income statement or cash flows for the periods presented.

Refer to Note 11 – Fair Value of Financial Assets and Liabilities for additional information regarding the fair value of the Company's foreign exchange forward contracts.

Note 11 – Fair Value of Financial Assets and Liabilities

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP established a hierarchy framework to classify the fair value based on the observability of significant inputs to the measurement. The levels of the fair value hierarchy are as follows:

Level 1: Fair value is determined using an unadjusted quoted price in an active market for identical assets or liabilities.

Level 2: Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities.

Summary of Financial Assets and Liabilities Accounted for at Fair Value on a Recurring Basis

The following table represents assets and liabilities measured at fair value on a recurring basis. The basis for the measurement at fair value in all cases was Level 2.

<i>(in millions)</i>	September 30, 2023	December 31, 2022
Assets:		
Foreign exchange contract - forward	\$ 1	\$ —
Total Assets	\$ 1	\$ —
Liabilities:		
Foreign exchange contracts - forward	\$ 1	\$ 1
Total Liabilities	\$ 1	\$ 1

Summary of Other Financial Assets and Liabilities

The estimated fair values of other financial assets and liabilities were as follows:

<i>(in millions)</i>	September 30, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities:				
Long-term debt	\$ 1,266	\$ 1,192	\$ 1,277	\$ 1,155

The fair value amounts for Cash and cash equivalents, Restricted cash, Accounts receivable, net and Short-term debt approximate carrying amounts due to the short-term maturities of these instruments.

The fair value of Long-term debt was estimated using quoted market prices for identical or similar instruments (Level 2 inputs).

Note 12 – Employee Benefit Plans

The Company has post-retirement savings and investment plans in several countries, including the U.S., India and the Philippines. In many instances, employees participating in defined benefit pension plans that have been amended to freeze future service accruals were transitioned to an enhanced defined contribution plan. In these plans, employees are permitted to contribute a portion of their salaries and bonuses to the plans. The Company, at its discretion, matches a portion of employee contributions.

The Company recognized an expense related to its defined contribution plans of \$2 million and \$4 million for the three months ended September 30, 2023 and 2022, respectively, and \$8 million and \$12 million for the nine months ended September 30, 2023 and 2022, respectively. The balance sheet and income statement impacts of any remaining defined benefit plans are immaterial for all periods presented in these Condensed Consolidated Financial Statements.

Note 13 – Accumulated Other Comprehensive Loss (AOCL)

Below are the balances and changes in AOCL⁽¹⁾:

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2022	\$ (472)	\$ 1	\$ 5	\$ (466)
Other comprehensive income (loss)	3	—	—	3
Balance at September 30, 2023	<u>\$ (469)</u>	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ (463)</u>

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2021	\$ (431)	\$ 2	\$ —	\$ (429)
Other comprehensive income (loss)	(82)	(2)	—	(84)
Balance at September 30, 2022	<u>\$ (513)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (513)</u>

(1) All amounts are net of tax. Tax effects were immaterial.

Note 14 – Contingencies and Litigation

As more fully discussed below, the Company is involved in a variety of claims, lawsuits, investigations and proceedings concerning a variety of matters, including: governmental entity contracting, servicing and procurement law; intellectual property law; employment law; commercial and contracts law; the Employee Retirement Income Security Act ("ERISA"); and other laws and regulations. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses its potential liability by analyzing its litigation and regulatory matters using available information. The Company develops its view on estimated losses in consultation with outside counsel handling its defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in the Company's determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts in excess of any accrual for such matter or matters, this could have a material adverse effect on the Company's results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs. The Company believes it has recorded adequate provisions for any such matters as of September 30, 2023. Litigation is inherently unpredictable, and it is not possible to predict the ultimate outcome of these matters and such outcome in any such matters could be more than any amounts accrued and could be material to the Company's results of operations, cash flows or financial position in any reporting period.

Additionally, guarantees, indemnifications and claims arise during the ordinary course of business from relationships with suppliers, customers and non-consolidated affiliates when the Company undertakes an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract could trigger an obligation of the Company. These potential claims include actions based upon alleged exposures to products, real estate, intellectual property (such as patents), environmental matters and other indemnifications. The ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the outcome of these claims. However, while the ultimate liabilities resulting from such claims may be significant to results of operations in the period recognized, management does not anticipate they will have a material adverse effect on the Company's consolidated financial position or liquidity. As of September 30, 2023, the Company had accrued its estimate of liability incurred under its indemnification arrangements and guarantees.

Litigation Against the Company

Employees' Retirement System of the Puerto Rico Electric Power Authority et al v. Conduent Inc. et al.: On March 8, 2019, a putative class action lawsuit alleging violations of certain federal securities laws in connection with our statements and alleged omissions regarding the Company's financial guidance and business and operations was filed against the Company, its former Chief Executive Officer, and its former Chief Financial Officer in the United States District Court for the District of New Jersey (the "Court"). The complaint sought certification of a class of all persons who purchased or otherwise acquired the Company's securities from February 21, 2018 through November 6, 2018, and also sought unspecified monetary damages, costs, and attorneys' fees. The Company moved to dismiss the class action complaint in its entirety. In June 2020, the Court denied the motion to dismiss and allowed the claims to proceed. The Court granted Class Certification on February 28, 2022. Upon the substantial completion of document discovery, the parties agreed to engage in mediation, and the Court administratively terminated the litigation to permit those efforts to proceed. Without any admission of liability or damages, in the third quarter of 2022, the parties settled this matter following that mediation, and filed the necessary documentation for preliminary approval by the court, class notice, and the claims administration process. The Court granted preliminary approval of the settlement terms and related documentation on January 27, 2023, and conducted the final Settlement Hearing on May 24, 2023, at which time the settlement received final approval as did plaintiffs' fee request. The Court's preliminary order had previously noted that it "will likely be able to approve the proposed Settlement as fair, reasonable and adequate under Federal Rule of Civil Procedure 23(e)(2)." The Company maintains insurance that covers the costs arising out of this litigation and resulting settlement having met the deductible and other terms and conditions thereof. As a result, during the fourth quarter of 2022, the Company reversed the reserve pertaining to this matter.

Skyview Capital LLC and Continuum Global Solutions, LLC v. Conduent Business Services, LLC: On February 3, 2020, plaintiffs Skyview LLC ("Skyview") filed a lawsuit in the Superior Court of New York County, New York. The lawsuit relates to the sale of a portion of Conduent Business Service, LLC's ("CBS") select standalone customer care call center business to plaintiffs, which sale closed in February 2019. Under the terms of the sale agreement, CBS received approximately \$23 million of notes from plaintiffs (the "Notes"). The lawsuit alleges various causes of action in connection with the acquisition, including: indemnification for breach of representation and warranty; indemnification for breach of contract and fraud. Plaintiffs allege that their obligation to mitigate damages and their contractual right of set-off permits them to withhold and deduct from any amounts that are owed to CBS under the Notes, and plaintiffs seek a judgement that they have no obligation to pay the Notes. On August 20, 2020, Conduent filed a counterclaim against Skyview seeking the outstanding balance on the Notes, the amounts owed for the Jamaica deferred closing, and other transition services agreement and late rent payment obligations. Conduent also moved to dismiss Skyview's claims in 2020. In May 2021, the court denied the motion and allowed the claims to proceed. Fact and expert discovery has been concluded and the parties filed summary judgment motions on July 24, 2023. Briefings on the motions were completed as of September 29, 2023, and oral argument has been scheduled for December 5, 2023. Conduent denies all the plaintiffs' allegations, believes that it has strong defenses to all of plaintiffs' claims and will continue to defend the litigation vigorously. The Company is not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimate of the possible outcome or loss, if any, in excess of currently recorded reserves.

Conduent Business Services, LLC v. Cognizant Business Services Corporation: On April 12, 2017, CBS filed a lawsuit against Cognizant Business Services Corporation ("Cognizant") in the Supreme Court of New York County, New York. The lawsuit relates to the Amended and Restated Master Outsourcing Services Agreement effective as of October 24, 2012, and the service delivery contracts and work orders thereunder, between CBS and Cognizant, as amended and supplemented (the "Contract"). The Contract contains certain minimum purchase obligations by CBS through the date of expiration. The lawsuit alleged that Cognizant committed multiple breaches of the Contract, including Cognizant's failure to properly perform its obligations as subcontractor to CBS under CBS's contract with the New York Department of Health to provide Medicaid Management Information Systems. In the lawsuit, CBS sought damages in excess of \$150 million. During the first quarter of 2018, CBS provided notice to Cognizant that it was terminating the Contract for cause and recorded in the same period certain charges associated with the termination. CBS also alleged that it terminated the Contract for cause, because, among other things, Cognizant violated the Foreign Corrupt Practices Act. In its answer, Cognizant asserted two counterclaims for breach of contract seeking recovery of damages in excess of \$47 million, which included amounts alleged not paid to Cognizant under the Contract and an alleged \$25 million termination fee. Cognizant's second amended counterclaim increased Cognizant's damages to \$89 million. The parties participated in a mediation in late February 2023, and this matter settled, following negotiations that continued thereafter. The parties executed the Settlement Agreement and Mutual Release on March 30, 2023, with no admission of liability or wrongdoing by either party. In April 2023, each side made reciprocal payments of \$6 million to the other, with Conduent's payment made toward the termination fee payable under the applicable service delivery contract. As a result of the settlement, during the first quarter of 2023, the Company adjusted the balance sheet amounts recorded pertaining to this matter. As such, the Company recognized a \$17 million benefit in Cost of services (excluding depreciation and amortization) and a \$26 million benefit in Litigation settlements (recoveries), net.

Other Matters

During the first quarter of 2022, the Company entered into settlement agreements with six of its insurers under its 2012–2013 errors and omission insurance policy in which the Company agreed to resolve its claims for insurance coverage in connection with the previously disclosed State of Texas matter that settled in February 2019, as included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. As a result of the settlement agreements entered with the insurers, in the three months ended March 31, 2022, the Company received an aggregate sum of \$38 million, of which \$14 million was recognized as defense costs recovery in Selling, general and administrative and \$24 million was recognized in Litigation settlements (recoveries), net.

Since 2014, Conduent Education Services, LLC, formerly Xerox Education Services LLC ("CES"), has cooperated with several federal and state agencies regarding a variety of matters, including CES' self-disclosure to the U.S. Department of Education (the "Department") and the Consumer Financial Protection Bureau (the "CFPB") that some third-party student loans under outsourcing arrangements for various financial institutions required adjustments. Except for one remaining state attorney general inquiry, the Company has resolved all investigations by the CFPB, several state agencies, the Department and the U.S. Department of Justice. There have been three consecutive quarters with no material activity. The Company is also nearing completion of the return of loan documentation to the pertinent lenders from the former business portfolio. The Company cannot provide assurance that the CFPB, another regulator, a financial institution on behalf of which CES serviced third-party student loans, or another party will not ultimately commence a legal action against CES in which fines, penalties or other liabilities are sought from CES. Nor is the Company able to predict the likely outcome of these matters, should any such matter be commenced, or reasonably provide an estimate or range of estimates of any loss in excess of currently recorded reserves. The Company could, in future periods, incur judgments or enter into settlements to resolve these potential matters for amounts in excess of current reserves and there could be a material adverse effect on the Company's results of operations, cash flows and financial position in the period in which such change in judgment or settlement occurs.

Other Contingencies

Certain contracts, primarily in the Company's Government and Transportation segments, require the Company to provide a surety bond or a letter of credit as a guarantee of performance. As of September 30, 2023, the Company had \$637 million of outstanding surety bonds issued to secure its performance of contractual obligations with its clients and \$184 million of outstanding letters of credit issued to secure the Company's performance of contractual obligations to its clients as well as other corporate obligations. In general, the Company would only be liable for these guarantees in the event of default in the Company's performance of its obligations under each contract. The Company believes it has sufficient capacity in the surety markets and liquidity from its cash flow and its various credit arrangements to allow it to respond to future requests for proposals that require such credit support.

Note 15 – Preferred Stock

Series A Preferred Stock

In December 2016, the Company issued 120,000 shares of Series A convertible perpetual preferred stock with an aggregate liquidation preference of \$120 million and an initial fair value of \$142 million. The convertible preferred stock earns quarterly cash dividends at a rate of 8% per year (\$9.6 million per year). Each share of convertible preferred stock is convertible at any time, at the option of the holder, into 44.9438 shares of common stock for a total of 5,393,000 shares (reflecting an initial conversion price of approximately \$22.25 per share of common stock), subject to customary anti-dilution adjustments.

Note 16 – Earnings (Loss) per Share

The Company did not declare any common stock dividends in the periods presented.

The following table sets forth the computation of basic and diluted earnings (loss) per share of common stock:

(in millions, except per share data in whole dollars and shares in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Basic Net Earnings (Loss) per Share:				
Net Income (Loss)	\$ (289)	\$ 15	\$ (302)	\$ 151
Dividend - Preferred Stock	(2)	(2)	(7)	(7)
Adjusted Net Income (Loss) Available to Common Shareholders - Basic	<u>\$ (291)</u>	<u>\$ 13</u>	<u>\$ (309)</u>	<u>\$ 144</u>
Diluted Net Earnings (Loss) per Share:				
Net Income (Loss)	\$ (289)	\$ 15	\$ (302)	\$ 151
Dividend - Preferred Stock	(2)	(2)	(7)	(7)
Adjusted Net Income (Loss) Available to Common Shareholders - Diluted	<u>\$ (291)</u>	<u>\$ 13</u>	<u>\$ (309)</u>	<u>\$ 144</u>
Weighted Average Common Shares Outstanding - Basic	217,348	215,775	217,992	215,632
Common Shares Issuable With Respect To:				
Restricted Stock And Performance Units / Shares	—	3,668	—	3,384
8% Convertible Preferred Stock	—	—	—	—
Weighted Average Common Shares Outstanding - Diluted	<u>217,348</u>	<u>219,443</u>	<u>217,992</u>	<u>219,016</u>
Net Earnings (Loss) per Share:				
Basic	\$ (1.34)	\$ 0.06	\$ (1.42)	\$ 0.67
Diluted	\$ (1.34)	\$ 0.06	\$ (1.42)	\$ 0.66
The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive (shares in thousands):				
Restricted stock and performance shares/units	12,297	5,717	12,297	5,705
Convertible preferred stock	5,393	5,393	5,393	5,393
Total Anti-Dilutive and Contingently Issuable Securities	<u>17,690</u>	<u>11,110</u>	<u>17,690</u>	<u>11,098</u>

Note 17 – Supplementary Financial Information

The components of Other assets and Other liabilities were as follows:

(in millions)	September 30, 2023	December 31, 2022
Other Current Assets		
Prepaid expenses	\$ 93	\$ 88
Income taxes receivable	65	41
Value-added tax (VAT) receivable	8	10
Restricted cash	4	16
Other	105	87
Total Other Current Assets	\$ 275	\$ 242
Other Current Liabilities		
Accrued liabilities to vendors	\$ 167	\$ 211
Litigation related accruals	15	37
Current operating lease liabilities	56	57
Restructuring liabilities	11	10
Income tax payable	—	2
Other taxes payable	16	16
Accrued interest	14	6
Other	26	43
Total Other Current Liabilities	\$ 305	\$ 382
Other Long-term Assets		
Internal use software, net	\$ 160	\$ 189
Deferred contract costs, net	101	82
Product software, net	95	110
Deferred tax assets	22	20
Other	88	88
Total Other Long-term Assets	\$ 466	\$ 489
Other Long-term Liabilities		
Income tax liabilities	7	7
Unearned income	55	42
Other	23	20
Total Other Long-term Liabilities	\$ 85	\$ 69

Note 18 – Related Party Transactions

In the normal course of business, the Company provides services to, and purchases from, certain related parties with the same shareholders. The services provided to these entities included those related to human resources, end-user support and other services and solutions. The purchases from these entities included office equipment and related services and supplies. Revenue and purchases from these entities were included in Revenue and Costs of services or Selling, general and administrative, respectively, on the Company's Condensed Consolidated Statements of Income (Loss).

Xerox Corporation ("Xerox") has historically been classified as a related party due to significant shares of both Xerox and the Company being held by entities controlled by one individual. As of September 28, 2023, Xerox is no longer considered a related party due to the disposition of all Xerox stock by these entities and, therefore, the Company will not consider transactions with Xerox after that date to be transactions with related parties.

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Transactions with related parties were as follows:

_(in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Revenue from related parties	\$	1	\$	2	\$	6	\$	8
Purchases from related parties	\$	6	\$	7	\$	18	\$	20

The Company's receivable and payable balances with related party entities were not material as of September 30, 2023 and December 31, 2022.

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

The following Management's Discussion and Analysis ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Unless otherwise noted, transactions and other factors significantly impacting our financial condition, results of operations and liquidity are discussed in order of magnitude. Our MD&A is presented in six sections:

- Overview;
- Financial Information and Analysis of Results of Operations;
- Metrics;
- Capital Resources and Liquidity;
- Critical Accounting Estimates and Policies; and
- Recent Accounting Changes.

The MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying Notes.

[Overview](#)

As a global technology-led business process solutions company, we deliver digital business solutions and services spanning the commercial, government and transportation spectrum – creating exceptional outcomes for our clients and the millions of people who count on them. We leverage cloud computing, artificial intelligence, machine learning, automation and advanced analytics to deliver mission-critical services. Through a dedicated global team of associates, process expertise, and advanced technologies, our solutions and services digitally transform our clients' operations to enhance customer experiences, improve performance, increase efficiencies and reduce costs. We add momentum to our clients' missions in many ways including delivering 43% of nutrition assistance payments in the U.S., enabling 1.3 billion customer service interactions annually, empowering millions of employees through HR services every year and processing nearly 12 million tolling transactions every day.

Headquartered in Florham Park, New Jersey, we have a team of approximately 59,000 associates as of September 30, 2023, servicing customers from service centers in 26 countries.

Our reportable segments correspond to how we organize and manage the business and are aligned to the solutions we offer our clients.

We organize and manage our businesses through three reportable segments.

- **Commercial** – Our Commercial segment provides business process services and customized solutions to clients in a variety of industries. Across the Commercial segment, we operate on our clients' behalf to deliver mission-critical solutions and services to reduce costs, improve efficiencies and enable revenue growth for our clients and their consumers and employees.
- **Government** – Our Government segment provides government-centric business process services to U.S. federal, state and local and foreign governments for public assistance, health services, program administration, transaction processing and payment services. Our solutions in this segment help governments respond to changing rules for eligibility and increasing citizen expectations.
- **Transportation** – Our Transportation segment provides systems and support, as well as revenue-generating services, to government clients. On behalf of government agencies and authorities in the transportation industry, we deliver mission-critical mobility and payment solutions that improve automation, interoperability and decision-making to streamline operations, increase revenue and reduce congestion while creating safer communities and seamless travel experiences for consumers.

Executive Summary

During the first quarter of 2023, we held an investor briefing to communicate the next chapter in the Conduent journey. Our intense emphasis on growth, quality, and efficiency, beginning in the first quarter of 2020, resulted in a strengthened foundation and we remain focused on accelerating growth and enhancing value for our stakeholders. We intend to achieve this by doubling down on key themes outlined in the briefing, as well as through a process of portfolio rationalization, divesting certain solutions which have either scarcity value outside of Conduent or are capital intensive relative to their growth opportunity, enabling management bandwidth and capital investments to be focused on solutions where we believe we have competitive advantages or higher growth expectations.

This renewed portfolio focus will result in a more nimble and faster growing Conduent with modest levels of net leverage, enhanced valuation, and significant excess capital to be deployed over time.

During the first three quarters of 2023 we achieved the following:

- Continued to make progress in our portfolio rationalization strategy;
- Entered into an agreement to transfer our BenefitWallet portfolio. We anticipate completing the transfer of this portfolio in the first half of 2024, with an estimated pre-tax gain of approximately \$425 million;
- The Board of Directors authorized a share repurchase program, granting approval for us to repurchase up to \$75 million of our common stock over the next three years (see additional information included in Part II, Item 2);
- Signed our largest TCV deal in the history of Conduent within our Transportation segment, growing our international presence in Australia; and
- Positioned our digital payments offering, in partnership with BNY Mellon, to leverage the newly released FedNowSM capability and provide enhanced real-time payment coverage to our clients.

Macroeconomic and Geopolitical Uncertainty

Given the nature of our business and our global operations, the effects of global macroeconomic and geopolitical uncertainty could have a materially adverse effect on our business, results of operations and financial condition.

Financial Information and Analysis of Results of Operations

(in millions)	Three Months Ended September 30,		2023 vs. 2022	
	2023	2022	\$ Change	% Change
Revenue	\$ 932	\$ 977	\$ (45)	(5)%
Operating Costs and Expenses				
Cost of services (excluding depreciation and amortization)	724	754	(30)	(4)%
Selling, general and administrative (excluding depreciation and amortization)	115	117	(2)	(2)%
Research and development (excluding depreciation and amortization)	2	2	—	— %
Depreciation and amortization	81	54	27	50 %
Restructuring and related costs	7	4	3	75 %
Interest expense	28	22	6	27 %
Goodwill impairment	287	—	287	n/m
(Gain) loss on divestitures and transaction costs, net	3	1	2	200 %
Litigation settlements (recoveries), net	—	—	—	n/m
Other (income) expenses, net	(2)	—	(2)	n/m
Total Operating Costs and Expenses	1,245	954	291	
Income (Loss) Before Income Taxes	(313)	23	(336)	
Income tax expense (benefit)	(24)	8	(32)	
Net Income (Loss)	\$ (289)	\$ 15	\$ (304)	

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(in millions)	Nine Months Ended September 30,		2023 vs. 2022	
	2023	2022	\$ Change	% Change
Revenue	\$ 2,769	\$ 2,872	\$ (103)	(4)%
Operating Costs and Expenses				
Cost of services (excluding depreciation and amortization)	2,148	2,236	(88)	(4)%
Selling, general and administrative (excluding depreciation and amortization)	344	332	12	4 %
Research and development (excluding depreciation and amortization)	5	5	—	— %
Depreciation and amortization	199	168	31	18 %
Restructuring and related costs	49	24	25	104 %
Interest expense	82	59	23	39 %
Goodwill impairment	287	—	287	n/m
(Gain) loss on divestitures and transaction costs, net	8	(159)	167	n/m
Litigation settlements (recoveries), net	(22)	(31)	9	(29)%
Other (income) expenses, net	(3)	—	(3)	n/m
Total Operating Costs and Expenses	3,097	2,634	463	
Income (Loss) Before Income Taxes	(328)	238	(566)	
Income tax expense (benefit)	(26)	87	(113)	
Net Income (Loss)	\$ (302)	\$ 151	\$ (453)	

Revenue

Revenue for the three months ended September 30, 2023 decreased, compared to the prior year period, primarily due to lost business from prior periods and non-repeating items in the prior year including recognition of the revenue benefit associated with an annual minimum volume commitment contract with a large client in our Commercial segment and federal stimulus revenue in our Government segment. These were partially offset by higher interest rates positively impacting our BenefitWallet business and new business ramp in our Government segment.

Revenue for the nine months ended September 30, 2023 decreased, compared to the prior year period, primarily due to lost business from prior periods, lower volumes in our Commercial segment, extended completion timelines to meet client requirements in our Transportation segment and the impact of an out of period adjustment in our Government segment in the first quarter of 2023 and non-repeating items in the prior year including recognition of the revenue benefit associated with a minimum annual volume commitment contract with a large client in our Commercial segment and federal stimulus revenue in our Government segment. These were partially offset by higher interest rates positively impacting our BenefitWallet business and new business ramp.

Cost of Services (excluding depreciation and amortization)

Cost of services for the three months ended September 30, 2023 decreased, in line with the decline in revenue.

Cost of services for the nine months ended September 30, 2023 decreased, compared to the prior year period, primarily driven by the impact of reduced revenue and a \$17 million reversal of liabilities due to the settlement of the Cognizant matter described in Note 14 – Contingencies and Litigation to the Condensed Consolidated Financial Statements.

Selling, General and Administrative ("SG&A") (excluding depreciation and amortization)

SG&A for the three months ended September 30, 2023 decreased, compared to the prior year period, driven by cost efficiencies.

SG&A for the nine months ended September 30, 2023 increased, compared to the prior year period, driven by the absence of the recovery of \$14 million of defense costs as part of the settlement with insurance carriers relating to the previously disclosed State of Texas matter that occurred in 2022.

Depreciation and Amortization

Depreciation and amortization for the three and nine months ended September 30, 2023 increased compared to the prior year periods. This increase was driven by the write-off of capitalized software costs totaling \$25 million, stemming from management's decision to abandon an internal use software product and a decision by a customer to not implement a product software solution.

Restructuring and Related Costs

We engage in a series of restructuring programs related to optimizing our employee base, reducing our real estate footprint, exiting certain activities, outsourcing certain internal functions, consolidating our data centers and engaging in other actions designed to reduce our cost structure and improve productivity. The following are the components of our Restructuring and related costs:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Severance and related costs	\$ 1	\$ 2	\$ 24	\$ 3
Data center consolidation costs	3	2	7	9
Termination, insourcing and asset impairment costs	3	—	18	10
Total net current period charges	7	4	49	22
Consulting and other costs ⁽¹⁾	—	—	—	2
Restructuring and related costs	\$ 7	\$ 4	\$ 49	\$ 24

(1) Represents professional support costs associated with certain strategic transformation programs.

Severance and related costs for the nine months ended September 30, 2023 include costs related to the closure of one of our Commercial segment operations in Europe.

Refer to Note 8 – Restructuring Programs and Related Costs to the Condensed Consolidated Financial Statements for additional information regarding our restructuring programs.

Interest Expense

Interest expense represents interest on long-term debt and the amortization of debt issuance costs. The increase in Interest expense for the three and nine months ended September 30, 2023, compared to the prior year periods, was driven by higher interest rates on our variable rate debt, including finance leases and other debt, partially offset by a lower total outstanding debt balance.

Goodwill Impairment

The goodwill impairment for the three and nine months ended September 30, 2023 is related to the write-down of the carrying value of the Commercial reporting unit. This resulted from the evaluation of goodwill triggered by entering into the Custodial Transfer and Asset Purchase Agreement to transfer our BenefitWallet health savings account and medical savings account portfolio. Refer to Note 5 – Divestiture and Note 7 – Goodwill for additional information.

(Gain) Loss on Divestitures and Transaction Costs

The divestiture of the Midas business in the first quarter of 2022 resulted in a gain of \$166 million. Additionally, professional fees and other costs related to certain consummated and non-consummated transactions considered by the Company are included in this financial statement line item for both years.

Litigation Settlements (Recoveries), Net

Litigation settlements (recoveries), net for the nine months ended September 30, 2023 primarily consist of a \$26 million reversal of reserves due to the settlement of the Cognizant matter.

Litigation settlements (recoveries), net for the nine months ended September 30, 2022 primarily consist of \$24 million of insurance recoveries recorded in the first quarter of 2022 related to the previously disclosed State of Texas matter.

Refer to Note 14 – Contingencies and Litigation to the Condensed Consolidated Financial Statements for additional information.

Income Taxes

The effective tax rate for the three months ended September 30, 2023 was 7.8%, compared to 33.8% for the three months ended September 30, 2022. The September 30, 2023 rate was lower than the U.S. statutory rate of 21% primarily due to permanently non-deductible amounts related to the book goodwill impairment and changes in the geographic mix of income.

The effective tax rate for the three months ended September 30, 2022 was higher than the U.S. statutory rate of 21%, primarily due to charges related to return to provision adjustments for 2021 and charges of valuation allowance, partially offset by changes in the geographic mix of income.

Excluding the impact of discrete tax adjustments, amortization of intangible assets, restructuring costs and goodwill impairment, the normalized effective tax rate for the three months ended September 30, 2023 was (6.1)%. The rate is lower than the US statutory rate of 21% as a result of an adjusted pre-tax loss and higher tax expense on pre-tax income in certain jurisdictions. The normalized effective tax rate for the three months ended September 30, 2022 was 27.5%, predominantly due to excluding the impact of discrete tax adjustments, amortization of intangible assets and restructuring costs. The normalized effective tax rate for the three months ended September 30, 2023 was lower than the three months ended September 30, 2022 rate, primarily due to the geographic mix of income and lower adjusted pre-tax income.

The effective tax rate for the nine months ended September 30, 2023 was 7.8%, compared to 36.7% for the nine months ended September 30, 2022. The September 30, 2023 rate was lower than the U.S. statutory rate of 21%, primarily due to permanently non-deductible amounts related to the book goodwill impairment, the geographic mix of income and the charge for valuation allowances.

The effective tax rate for the nine months ended September 30, 2022 was higher than the U.S. statutory rate of 21%, primarily due to the geographic mix of income, state and local taxes and permanently non-deductible amounts related to the Midas divestiture transaction, partially offset by the tax benefit of valuation allowances released due to the gain from this divestiture and tax credits.

Excluding the impact of the goodwill impairment, amortization of intangible assets, restructuring costs, litigation reserve releases and certain discrete tax items, the normalized effective tax rate for the nine months ended September 30, 2023 was (158.4)%. The rate is anomalous due to small adjusted pre-tax loss and tax, which is a result of geographic mix of income and valuation allowances against losses in certain jurisdictions resulting in no tax benefit. The normalized effective tax rate for the nine months ended September 30, 2022 was 32.4%, predominantly due to excluding the impact of the Midas divestiture, the litigation insurance recoveries, amortization of intangible assets, restructuring costs and certain discrete tax items. The normalized effective tax rate for the nine months ended September 30, 2023 was lower than the nine months ended September 30, 2022 rate predominantly due to change in the geographic mix of income, valuation allowance and lower adjusted pre-tax income.

In recent months, government agencies and global organizations have had an increased focus on the issues of taxation of multinational corporations. At both the European Union and Organization for Economic Co-operation and Development level, significant developments are anticipated regarding global tax initiatives in the remainder of 2023 and into 2024. The Company is monitoring such developments and assessing any potential impact and disclosure requirement. We do not anticipate a material impact based on current guidance.

Operations Review of Segment Revenue and Profit

Our financial performance is based on Segment Profit/(Loss) and Segment Adjusted EBITDA for the following three segments:

- Commercial;
- Government; and
- Transportation.

Divestitures includes our Midas business which was sold in the first quarter of 2022.

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Unallocated Costs includes IT infrastructure costs that are shared by multiple reportable segments, enterprise application costs and certain corporate overhead expenses not directly attributable or allocated to our reportable segments.

Results of financial performance by segment were:

(in millions)	Three Months Ended September 30,						Total
	Commercial	Government	Transportation	Divestitures	Unallocated Costs		
2023							
Revenue	\$ 465	\$ 290	\$ 177	\$ —	\$ —	\$ —	\$ 932
Segment profit (loss)	\$ 6	\$ 84	\$ (4)	\$ —	\$ (75)	\$ —	\$ 11
Segment depreciation and amortization	\$ 51	\$ 11	\$ 11	\$ —	\$ 8	\$ —	\$ 81
Adjusted EBITDA	\$ 57	\$ 95	\$ 7	\$ —	\$ (67)	\$ —	\$ 92
% of Total Revenue	49.9 %	31.1 %	19.0 %	— %	— %	— %	100.0 %
Adjusted EBITDA Margin	12.3 %	32.8 %	4.0 %	— %	— %	— %	9.9 %
2022							
Revenue	\$ 504	\$ 291	\$ 182	\$ —	\$ —	\$ —	\$ 977
Segment profit (loss)	\$ 44	\$ 79	\$ 16	\$ —	\$ (87)	\$ —	\$ 52
Segment depreciation and amortization	\$ 24	\$ 9	\$ 9	\$ —	\$ 11	\$ —	\$ 53
Adjusted EBITDA	\$ 68	\$ 88	\$ 25	\$ —	\$ (76)	\$ —	\$ 105
% of Total Revenue	51.6 %	29.8 %	18.6 %	— %	— %	— %	100.0 %
Adjusted EBITDA Margin	13.5 %	30.2 %	13.7 %	— %	— %	— %	10.7 %
(in millions)	Nine Months Ended September 30,						Total
	Commercial	Government	Transportation	Divestitures	Unallocated Costs		
2023							
Revenue	\$ 1,444	\$ 824	\$ 501	\$ —	\$ —	\$ —	\$ 2,769
Segment profit (loss)	\$ 87	\$ 224	\$ (9)	\$ —	\$ (224)	\$ —	\$ 78
Segment depreciation and amortization	\$ 107	\$ 31	\$ 32	\$ —	\$ 27	\$ —	\$ 197
Adjusted EBITDA	\$ 194	\$ 255	\$ 23	\$ —	\$ (197)	\$ —	\$ 275
% of Total Revenue	52.1 %	29.8 %	18.1 %	— %	— %	— %	100.0 %
Adjusted EBITDA Margin	13.4 %	30.9 %	4.6 %	— %	— %	— %	9.9 %
2022							
Revenue	\$ 1,486	\$ 856	\$ 523	\$ 7	\$ —	\$ —	\$ 2,872
Segment profit (loss)	\$ 94	\$ 224	\$ 40	\$ 2	\$ (218)	\$ —	\$ 142
Segment depreciation and amortization	\$ 74	\$ 25	\$ 26	\$ —	\$ 34	\$ —	\$ 159
Adjusted EBITDA	\$ 168	\$ 249	\$ 66	\$ 2	\$ (184)	\$ —	\$ 301
% of Total Revenue	51.8 %	29.8 %	18.2 %	0.2 %	— %	— %	100.0 %
Adjusted EBITDA Margin	11.3 %	29.1 %	12.6 %	28.6 %	— %	— %	10.5 %

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(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Segment Profit (Loss) Reconciliation to Pre-tax Income (Loss)				
Income (Loss) Before Income Taxes	\$ (313)	\$ 23	\$ (328)	\$ 238
Reconciling items:				
Amortization of acquired intangible assets	1	2	5	11
Restructuring and related costs	7	4	49	24
Interest expense	28	22	82	59
Goodwill impairment	287	—	287	—
(Gain) loss on divestitures and transaction costs	3	1	8	(159)
Litigation settlements (recoveries)	—	—	(22)	(31)
Other (income) expenses, net	(2)	—	(3)	—
Segment Profit (Loss)	\$ 11	\$ 52	\$ 78	\$ 142
Segment depreciation and amortization (including contract inducements)	81	53	197	159
Adjusted EBITDA	\$ 92	\$ 105	\$ 275	\$ 301

Commercial Segment

Revenue

Commercial revenue for the three and nine months ended September 30, 2023 declined compared to the prior year periods, driven by lower volumes in certain industries of our client base and non-repeating items in the prior year period, including recognition of the revenue benefit associated with a minimum annual volume commitment contract with a large client, partially offset by higher interest rates positively impacting our BenefitWallet business.

Segment Profit and Adjusted EBITDA

Commercial segment profit for the three and nine months ended September 30, 2023 decreased compared to the prior year periods and were impacted by the EBITDA drivers mentioned below as well as by a write-off of capitalized software totaling \$25 million stemming from management's decision to abandon an internal use software product and a decision by a customer to not implement a product software solution.

Commercial segment adjusted EBITDA and adjusted EBITDA margin for the three months ended September 30, 2023, decreased compared to the prior year period, driven by non-repeating items in the prior year period, including recognition of the revenue benefit associated with a minimum annual volume commitment contract with a large client. These were partially offset by higher interest rates positively impacting our BenefitWallet business and cost efficiency.

Increases in the Commercial segment adjusted EBITDA and adjusted EBITDA margin for the nine months ended September 30, 2023, compared to the prior year periods were mainly driven by higher interest rates positively impacting our BenefitWallet business, partially offset by non-repeating items in the prior year period, including recognition of the revenue benefit associated with a minimum annual volume commitment contract with a large client.

Government Segment

Revenue

Government revenue for the three months ended September 30, 2023 was substantially unchanged compared to the prior year period, with a contractual change to a client implementation positively impacting revenue recognition, higher volumes in Government services solutions and new business ramp being offset by lost business from prior periods.

Government revenue for the nine months ended September 30, 2023 decreased, compared to the prior year period, primarily driven by lost business from prior years, non-repeating federal stimulus revenue in the prior year and the impact of an out of period adjustment in our Government segment in the first quarter of 2023. These were partially offset by the ramping of new business in Government Healthcare solutions and higher volumes in Government services solutions.

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Segment Profit and Adjusted EBITDA

Government segment profit, adjusted EBITDA and adjusted EBITDA margin for the three months ended September 30, 2023 increased compared to the prior year period due to a contractual change to a client implementation positively impacting revenue recognition.

Government segment profit for the nine months ended September 30, 2023 was substantially unchanged with the EBITDA variances described below being offset with higher depreciation driven by the deployment of our new modularized CMdS platform in our Government Healthcare Solutions business.

Government segment adjusted EBITDA and adjusted EBITDA margin for the nine months ended September 30, 2023 increased compared to the prior year period due primarily due to the \$17 million reversal of reserves due to the settlement of the Cognizant matter, margin on higher volumes, a contractual change to a client implementation positively impacting revenue recognition and cost efficiency. These were partially offset by lost business, the high margin non-repeating federal stimulus revenue in the prior year and the out of period adjustment in the first quarter of 2023.

Transportation Segment

Revenue

Transportation revenue for the three months ended September 30, 2023 decreased compared to the prior year period, primarily driven by extended completion timelines to meet client requirements, which affected the recognition timeframe for revenue.

Transportation revenue for the nine months ended September 30, 2023 decreased compared to the prior year period, primarily driven by extended completion timelines to meet client requirements, which affected the recognition timeframe for revenue, the completion of smaller projects in our Transit solutions service offering and lost business from prior years, partially offset by new business.

Segment Profit and Adjusted EBITDA

Transportation segment profit, adjusted EBITDA and adjusted EBITDA margin for the three and nine months ended September 30, 2023 decreased primarily due to extended completion timelines on our larger implementations to meet client requirements, which affected the recognition timeframe for revenue and the completion of smaller projects in our Transit solutions service offering.

Divestitures

Revenue, Segment Profit (Loss) and Adjusted EBITDA

The decline in revenue, segment profit and Adjusted EBITDA for the three and nine months ended September 30, 2023 was due to the sale of the Midas Suite of products. The prior year included activity through the date of disposition whereas there was no activity in the current year.

Unallocated Costs

Unallocated Costs for the three months ended September 30, 2023 decreased compared to the prior year period primarily due to lower variable compensation, healthcare and insurance costs as well as progress with our efficiency initiatives.

Unallocated Costs for the nine months ended September 30, 2023 increased compared to the prior year period primarily due to the prior year reflecting the recovery of defense costs as part of the settlement with insurance carriers relating to the previously disclosed State of Texas matter.

Metrics

Metrics

We use metrics to evaluate our business, determine the allocation of our resources, make decisions regarding corporate strategies and evaluate forward-looking projections and trends affecting our business. We disclose these metrics to provide transparency in our performance trends. We discuss certain key metrics, including Signings and Net ARR Activity below.

Signings

Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Total Contract Value ("TCV") is the estimated total contractual revenue related to signed contracts. TCV signings is defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Due to the inconsistency of when existing contracts end, quarterly and yearly comparisons are not a good measure of renewal performance. New business Annual Contract Value ("ACV") is calculated as TCV divided by the contract term, in months, multiplied by 12 for an annual measure.

For the three and nine months ended September 30, 2023, the Company signed \$154 million and \$487 million of new business ACV, respectively. Included in these amounts is ACV related to the May 2023 award of a significant contract in the Transportation segment.

Signing information for the three and nine months ended September 30, 2023 and 2022 is as follows:

(\$ in millions)	Three Months Ended September 30,		2023 vs. 2022	
	2023 ⁽³⁾	2022 ⁽³⁾	\$ Change	% Change
New business ACV	\$ 154	\$ 191	\$ (37)	(19)%
New business TCV	\$ 316	\$ 347	\$ (31)	(9)%
Renewals TCV	454	658	(204)	(31)%
Total Signings	\$ 770	\$ 1,005	\$ (235)	(23)%
Annual recurring revenue signings ⁽¹⁾	\$ 66	\$ 89	\$ (23)	(26)%
Non-recurring revenue signings ⁽²⁾	\$ 96	\$ 107	\$ (11)	(10)%

(\$ in millions)	Nine Months Ended September 30,		2023 vs. 2022	
	2023 ⁽³⁾	2022 ⁽³⁾	\$ Change	% Change
New business ACV	\$ 487	\$ 538	\$ (51)	(9)%
New business TCV	\$ 1,921	\$ 1,207	\$ 714	59 %
Renewals TCV	1,512	1,896	(384)	(20)%
Total Signings	\$ 3,433	\$ 3,103	\$ 330	11 %
Annual recurring revenue signings ⁽¹⁾	\$ 238	\$ 296	\$ (58)	(20)%
Non-recurring revenue signings ⁽²⁾	\$ 517	\$ 251	\$ 266	106 %

(1) Recurring revenue signings are for new business contracts longer than one year.

(2) Non-recurring revenue signings are for contracts shorter than one year.

(3) Adjusted to remove Midas new business signings.

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The total new business pipeline at the end of September 30, 2023 and 2022 was \$23.4 billion and \$24.0 billion, respectively. Total new business pipeline is defined as total new business TCV pipeline of deals in all sell stages. This extends past the next twelve-month period to include total pipeline, excluding the impact of divested business as required.

[Net ARR Activity](#)

Net ARR Activity is a metric is defined as Projected Annual Recurring Revenue for contracts signed in the prior 12 months, less the annualized impact of any client losses, contractual volume and price changes, and other known impacts for which the Company was notified in that same time period, which could positively or negatively impact results. The metric annualizes the net impact to revenue. Timing of revenue impact varies and may not be realized within the forward 12-month timeframe. The metric is for indicative purposes only. This metric excludes COVID-related volume impacts and non-recurring revenue signings. This metric is not indicative of any specific 12-month timeframe.

The Net ARR activity metric for the trailing twelve months for each of the prior five quarters was as follows:

(in millions)	Net ARR Activity metric	
September 30, 2023	\$	103
June 30, 2023		137
March 31, 2023		108
December 31, 2022		114
September 30, 2022		70

[Capital Resources and Liquidity](#)

As of September 30, 2023 and December 31, 2022, total cash and cash equivalents were \$451 million and \$582 million, respectively. We also have a \$550 million revolving line of credit for our various cash needs, of which \$2 million was used for letters of credit. The net amount available to be drawn upon under our revolving line of credit as of September 30, 2023, was \$548 million.

As of September 30, 2023, our total principal debt outstanding was \$1,326 million, of which \$40 million was due within one year. Refer to Note 9 – Debt in the Condensed Consolidated Financial Statements for additional debt information.

To provide financial flexibility and finance certain investments and projects, we may continue to utilize external financing arrangements. However, we believe that our cash on hand, projected cash flow from operations, sound balance sheet and our revolving line of credit will continue to provide sufficient financial resources to meet our expected business obligations for at least the next twelve months.

[Cash Flow Analysis](#)

The following table summarizes our cash flows, as reported in our Condensed Consolidated Statement of Cash Flows in the accompanying Condensed Consolidated Financial Statements:

(in millions)	Nine Months Ended September 30,		Better (Worse)
	2023	2022	
Net cash provided by (used in) operating activities	\$ (33)	\$ 93	\$ (126)
Net cash provided by (used in) investing activities	\$ (64)	\$ 216	\$ (280)
Net cash provided by (used in) financing activities	\$ (48)	\$ (132)	\$ 84

[Operating activities](#)

The net increase in cash used in operating activities of \$126 million, compared to the prior year period, was primarily related to the negative impact of the sales of accounts receivable of \$49 million, the absence of the \$38 million of insurance recoveries related to the State of Texas matter, higher net cash interest payments, lower days payable outstanding and higher restructuring payments, all partially offset by lower cash income taxes.

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Investing activities

Investing cash flow decreased by \$280 million mainly due to the proceeds from the divestiture of the Midas business in the prior year. This was partially offset by decreased capital spending in the current year.

Financing activities

The decrease in cash used in financing activities was mainly driven by the repayment of the \$100 million borrowed under the revolver in the prior year. This was partially offset by higher taxes paid for settlement of stock-based compensation.

Sales of Accounts Receivable

We have entered into a factoring agreement in the normal course of business as part of our cash and liquidity management, to sell certain accounts receivable without recourse to a third-party financial institution. The transactions under this agreement are treated as sales and are accounted for as reductions in accounts receivable because the agreement transfers effective control over, and risk related to, the receivables to the buyer. Cash proceeds from this arrangement are included in cash flow from operating activities in the Condensed Consolidated Statements of Cash Flows.

The net impact from the sales of accounts receivable on net cash provided by (used in) operating activities for the nine months ended September 30, 2023 and 2022 was \$(14) million and \$35 million, respectively.

Material Cash Requirements from Contractual Obligations

The Company believes its balances of cash and cash equivalents, which totaled \$451 million as of September 30, 2023, along with cash generated by operations and amounts available for borrowing under its 2021 Revolving Credit Facility, will be sufficient to satisfy its cash requirements over the next 12 months and beyond.

At September 30, 2023, the Company's material cash requirements include debt, leases and estimated purchase commitments. See Part II, Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operation of our Annual Report on Form 10-K for the year ended December 31, 2022 for additional information on our material cash requirements.

Critical Accounting Estimates and Policies

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Condensed Consolidated Financial Statements and notes thereto.

Except as set forth below, there have been no significant changes during the nine months ended September 30, 2023 to our critical accounting estimates and policies from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

Impairment of Goodwill

In September 2023, the Company entered into a Custodial Transfer and Asset Purchase Agreement (the "Purchase Agreement") to transfer its BenefitWallet health savings account and medical savings account portfolio (collectively, the "Portfolio"), which is reported within the Company's Commercial segment. Since the Purchase Agreement did not represent a disposition of a business, no goodwill was allocated to the Portfolio related to this transaction.

Consequently, the Purchase Agreement was identified as a triggering event for the Commercial reporting unit that required the Company to evaluate goodwill for impairment. This evaluation resulted in a full impairment of the Commercial reporting unit's goodwill, totaling \$287 million. The impairment charge was primarily driven by the Purchase Agreement, and was recognized during the quarter ended September 30, 2023.

The fair values of the goodwill impairment charge were estimated based on a determination of the implied fair value of goodwill, leveraging the results from the Income Approach and Market Approach, and are designated as level 3 of the fair value hierarchy.

In connection with the Commercial reporting unit impairment assessment, the Company first performed a recoverability assessment of long-lived assets and concluded that such assets were not impaired.

[Recent Accounting Changes](#)

See Note 2 – Recent Accounting Pronouncements for information on accounting standards adopted during the current year, as well as recently issued accounting standards not yet required to be adopted and the expected impact of the adoption of these accounting standards.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in foreign currency exchange rates which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We may utilize derivative financial instruments to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We also may hedge the cost to fund material non-dollar entities by buying currencies periodically in advance of the funding date. This is accounted for using derivative accounting.

Recent market and economic events have not caused us to materially modify nor change our financial risk management strategies with respect to our exposures to foreign currency risk. Refer to Note 10 – Financial Instruments in the Condensed Consolidated Financial Statements for additional discussion on our financial risk management.

During the reporting period, there have been no material changes to the quantitative and qualitative disclosures regarding our market risk set forth in our Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 4 — CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management evaluated, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this Form 10-Q, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms relating to the Company, including our consolidated subsidiaries, and was accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information set forth under Note 14 – Contingencies and Litigation in the Condensed Consolidated Financial Statements of this Form 10-Q is incorporated herein by reference in answer to this Item.

ITEM 1A — RISK FACTORS

Reference is made to the Risk Factors set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022. Below are additions to our risk factors as previously reported in our Annual Report on Form 10-K for the year ended December 31, 2022.

Supplemental Risk Factors

In light of the launch the share repurchase program approved by our Board of Directors on May 16, 2023 and entering into a Custodial Transfer and Asset Purchase Agreement to transfer our BenefitWallet health savings account and medical savings account portfolio on September 18, 2023, we are supplementing the risk factors previously disclosed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on February 22, 2023, to include the following risk factors:

We cannot guarantee that our stock repurchase program will be utilized to the full value approved or that it will enhance long-term stockholder value. Repurchases we consummate could increase the volatility of the price of our common stock and could have a negative impact on our available cash balance.

In May 2023, our Board of Directors authorized a three-year stock repurchase program for up to \$75 million of our common stock. Under the repurchase program, repurchases can be made from time to time using open market transactions, and may include Rule 10b5-1 trading plans, all in accordance with the rules of the SEC and other applicable legal requirements. The specific timing, price and size of the purchases will depend on prevailing stock prices, general economic and market conditions, and other considerations consistent with our capital allocation strategy. Stock repurchases could have an impact on our common stock trading prices, increase the volatility of the price of our common stock, or reduce our available cash balance such that we will be required to seek financing to support our operations. The repurchase program does not obligate us to acquire a particular amount of common stock, and the repurchase program may be suspended or discontinued at any time at our discretion, which may result in a decrease in the trading prices of our common stock. Even if our share repurchase program is fully implemented, it may not enhance long-term stockholder value.

We have made and may continue to make divestitures, as well as acquisitions, investments and joint ventures, all of which involve numerous risks and uncertainties.

We have divested and may in the future divest certain assets or businesses, including businesses that are no longer a part of our ongoing strategic plan. For example, on September 18, 2023, the Company, by and through its wholly owned subsidiary, Conduent Business Services, LLC, entered into a Custodial Transfer and Asset Purchase Agreement with HealthEquity, Inc., to transfer the Company's BenefitWallet's health savings account and medical savings account portfolio. Divestitures require a significant investment of time and resources and involve significant risks and uncertainties, including:

- inability to find potential buyers on favorable terms;
- failure to effectively transfer liabilities, contracts, facilities and employees to buyers;
- requirements that we retain or indemnify buyers against certain liabilities and obligations;
- the possibility that we will become subject to third-party claims arising out of such divestiture;
- challenges in identifying and separating the intellectual property, systems and data to be divested from the intellectual property, systems and data that we wish to retain;
- inability to reduce fixed costs previously associated with the divested assets or business;
- challenges in collecting the proceeds from any divestiture;
- disruption of our ongoing business and distraction of management;
- loss of key employees who leave us as a result of a divestiture; and
- if customers or partners of the divested business do not receive the same level of service from the new owners, or the new owners do not handle the customer data with the same level of care, our other businesses may be adversely affected, to the extent that these customers or partners also purchase other products offered by us or otherwise conduct business with our retained business.

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Divestitures may result in losses on disposal or continued financial involvement in the divested business, including through indemnification, guarantee or other financial arrangements, for a period of time following the transaction, which would adversely affect our financial results.

Additionally, we may selectively pursue strategic acquisitions, investments and joint ventures. We also may enter into relationships with other businesses to expand our products or our ability to provide services. Acquisitions, investments and joint ventures similarly pose a number of risks and potential disruptions that could adversely affect our reputation, operations or financial results, including: expansion into new markets and business ventures; the diversion of management's attention to the acquisition and integration of acquired operations and personnel; being bound by acquired customer or vendor contracts with unfavorable terms; and potential adverse effects on a company's operating results for various reasons, including, but not limited to, the following items: the inability to achieve financial targets; the inability to achieve certain integration expectations, operating goals, and synergies; costs incurred to exit current or acquired contracts or restructuring activities; costs incurred to service acquisition debt, if any; and the amortization or impairment of acquired intangible assets.

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

(a) Sales of Unregistered Securities during the Quarter ended September 30, 2023

During the quarter ended September 30, 2023, the Company did not issue any securities in transactions that were not registered under the Securities Act of 1933, as amended.

(b) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Share repurchase activity during the three months ended September 30, 2023 was as follows:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share ⁽²⁾	Total Number of Shares Purchased as a Part of Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under Plan (in millions)
July 1-31, 2023	502,555	\$ 3.51	502,555	\$ 72
August 1-31, 2023	681,922	3.31	681,922	70
September 1-30, 2023	774,857	3.27	774,857	68
Total	1,959,334	\$ 3.35	1,959,334	\$ 68

⁽¹⁾ On May 16, 2023, the Board of Directors authorized a share repurchase program, granting approval for the Company to repurchase up to \$75 million of its common stock from time to time as market and business conditions warrant, including through open market purchases or Rule 10b5-1 trading plans.

⁽²⁾ Average share price includes transaction commissions.

ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 — MINE SAFETY DISCLOSURES

None.

ITEM 5 — OTHER INFORMATION

Amended and Restated By-Laws

On October 31, 2023, our Board of Directors approved and adopted amended and restated by-laws (the "Restated By-Laws"), to, among other things:

- Address the SEC's adoption of the universal proxy rules, which require the use of universal proxy cards that include all director nominees in contested director elections, provided that dissident shareholders proposing their own director nominees meet certain notice and filing procedures and deadlines;

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- Enhance procedural mechanics and disclosure requirements in connection with shareholder nominations of directors and submissions of shareholder proposals at shareholder meetings to help ensure that the Company can provide shareholders with certain required information regarding proposing or nominating shareholders and proposed director nominees; and
- Make certain other administrative, modernizing, clarifying and conforming changes.

The foregoing is a brief description of the changes contained in the Restated By-Laws and is qualified in its entirety by reference to the Restated By-Laws, which are attached as Exhibit 3.2 to this Form 10-Q.

Indemnification Agreement

On October 31, 2023, our Board of Directors adopted a form of indemnification agreement (the Indemnification Agreement") to be entered into between the Company and certain of its officers and each member of its board of directors (each, an "Indemnitee").

The Indemnification Agreement provides that, subject to certain exceptions (including an Indemnitee's fraud, bad faith or criminal conduct), the Company will, including through advancement of expenses, indemnify each Indemnitee from and against all losses actually and reasonably incurred by or on behalf of the Indemnitee, to the fullest extent permitted by law, in connection with any threatened, pending, or completed action, suit, or proceeding, including any appeals by reason of the Indemnitee's status as a director, officer, employee, or agent of the Company or any other entity the Indemnitee serves at the request of the Company.

The foregoing is a brief description of the terms and conditions of the Indemnification Agreement and is qualified in its entirety by reference to the Indemnification Agreement, which is attached as Exhibit 10.1 to this Form 10-Q.

10b5-1 Plans

During the three months ended September 30, 2023, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

ITEM 6 — EXHIBITS

Exhibit No.	Description	Filed Herewith	Incorporated by Reference		
			Form	Exhibit No.	Filing Date
2.1	Custodial Transfer and Purchase Agreement, between Conduent Business Services, LLC and HealthEquity, Inc., dated as of September 18, 2023.		8-K	2.1	9/19/2023
3.1	Restated Certificate of Incorporation of Registrant filed with the Department of the State of New York on December 31, 2016.		8-K	3.1	12/23/2016
3.2	Amended and Restated By-Laws of Registrant as amended through October 31, 2023.	X			
10.1	Form of Director and Officer Indemnification Agreement.	X			
31(a)	Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).	X			
31(b)	Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).	X			
32*	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
101	The following materials from the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 formatted in Inline XBRL: (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Shareholders' Equity and (vi) Notes to Consolidated Financial Statements.				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

* Document has been furnished, is deemed not filed and is not to be incorporated by reference into any of Registrant's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in any such filing.

SIGNATURES

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

CONDUENT INCORPORATED
(Registrant)

By: /S/ STEPHEN WOOD

Stephen Wood
Chief Financial Officer
(Principal Financial Officer)

Date: November 1, 2023

**AMENDED AND RESTATED
BY-LAWS
of
CONDUENT INCORPORATED**

October 31, 2023

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ARTICLE I
MEETINGS OF SHAREHOLDERS

SECTION 1. *Annual Meetings*: A meeting of shareholders entitled to vote shall be held for the election of directors and the transaction of other business each year in such month and on such day (except a Saturday, Sunday or holiday) as determined by the Board of Directors.

SECTION 2. *Special Meetings*: Special meetings of the shareholders may be called at any time by the Chairman of the Board or the Board of Directors or the Secretary at the request, in proper form and meeting the delivery and other requirements of this Section 2, of the holders of record of not less than 20% of the outstanding shares of the common stock, par value \$0.01 per share, of the Corporation (the "Common Stock") which shares are determined to be "Net Long Shares" in accordance with this Section 2 (the "Requisite Percentage").

For purposes of this Section 2 and for determining the Requisite Percentage, Net Long Shares shall be limited to the number of shares beneficially owned, directly or indirectly, by any shareholder or beneficial owner that constitute such holder's "net long position" as defined in Rule 14e-4 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provided that (x) for purposes of such definition, in determining such holder's "short position," the reference in such Rule to "the date the tender offer is first publicly announced or otherwise made known by the bidder to the holders of the security to be acquired" shall be the date of the relevant shareholder request for a special meeting and the reference to the "highest tender offer price or stated amount of the consideration offered for the subject security" shall refer to the closing sales price of the Common Stock on the primary stock exchange on which the Common Stock is then listed on such date (or, if such date is not a trading day, the next succeeding trading day) and (y) the net long position of such holder shall be reduced by the number of shares as to which such holder does not, or will not, have the right to vote or direct the vote at the special meeting or as to which such holder has entered into any derivative or other agreement, arrangement or understanding that hedges or transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of such shares. Whether the requesting holders have complied with the requirements of this Section 2 and related provisions of these By-Laws shall be determined in good faith by the Board of Directors, which determination shall be conclusive and binding on the Corporation and the shareholders.

(a) To be in proper form, such shareholder request for a special meeting shall:

(1) be directed to the Secretary in writing and shall be signed by each shareholder of record requesting the special meeting, or a duly authorized agent of such shareholder of record, and by each beneficial owner, if any, on whose behalf the request is being made;

(2) be accompanied by a written notice setting forth the specific purpose(s) of the special meeting and information required by Section 6, including, without limitation, the information as to any nominations proposed to be presented and any other business proposed to be conducted at such special meeting and as to the shareholder(s) of record requesting the special meeting and the beneficial owner(s), if any, on whose behalf the request is being made; and

(3) a representation by the shareholder(s) of record requesting the special meeting and the beneficial owner(s), if any, on whose behalf the request is being made

that such person is a shareholder of record of Common Stock or a beneficial owner of Common Stock, as applicable, entitled to vote at the special meeting and intends to appear in person or by proxy at the special meeting to propose the action specified in the request.

(b) A special meeting requested by shareholders shall be held at such date, time and place, if any, as may be designated by the Board of Directors or Chairman of the Board of Directors; provided, however, that the date of any such special meeting shall be not more than 90 days after receipt by the Secretary of a request satisfying the requirements of this Section 2. Notwithstanding the foregoing, a special meeting requested by shareholders shall not be held if:

(1) a valid request is not delivered in the manner and form prescribed pursuant to this Section 2;

(2) the shareholder request for a special meeting is delivered during the period commencing 120 days prior to the first anniversary of the date of the immediately preceding annual meeting of shareholders and ending on the date of the next annual meeting;

(3) the stated business to be brought before the special meeting is not a proper subject for shareholder action under applicable law or these By-Laws;

(4) the Chairman of the Board of Directors or the Board of Directors has called or calls for an annual or special meeting of shareholders to be held within 120 days of the time the Secretary receives the shareholder request for the special meeting and the Board of Directors determines in good faith that the business of such annual or special meeting includes (among any other matters properly brought before the annual or special meeting) the business specified in the shareholder request;

(5) an identical or substantially similar item, as determined in good faith by the Board of Directors, was presented at any meeting of shareholders held within 12 months prior to the shareholder request for a special meeting;

(6) documentary evidence of the record and beneficial ownership of such shares of Common Stock as of the record date is not established as required by this Section 2 and Section 6; or

(7) the shareholder request for a special meeting was made in a manner that involved a violation of Regulation 14A under the Exchange Act or other applicable law.

(c) A shareholder may revoke a request for a special meeting at any time by written revocation delivered to the Secretary, and if, following such revocation, there are unrevoked requests from shareholders holding in the aggregate less than the requisite number of shares of Common Stock entitling the shareholders to request a special meeting be called in Section 2(a), the Chairman of the Board of Directors or the Board of Directors, in their discretion, may cancel the special meeting. If none of the shareholders who submitted the request for a special meeting appears or sends a qualified representative to present the nominations proposed to be presented or other business proposed to be conducted at the special meeting, the Corporation need not present such nominations or other business for a vote at such meeting.

(d) In the event that any information provided in any such shareholder request ceases to be true and correct in all material respects or omits a material fact necessary to make

the statements made, in light of the circumstances under which they were made, not misleading, the shareholder(s) who submitted the written request shall promptly notify the Secretary of any defect in such previously provided information and of the information that is required to correct any such defect; it being understood that providing any such notification shall not be deemed to cure any such defect or limit the remedies (including, without limitation, under these By-Laws) available to the Corporation relating to any such defect. In the event of any such inaccuracy or omission, the Corporation may also omit or, to the extent feasible, remove any such inaccurate information from its proxy materials and/or otherwise communicate to its shareholders notice of the existence of such inaccuracy or omission.

(e) Business transacted at special meetings shall be confined to the purposes stated in the Corporation's notice of the meeting or in any supplemental notice delivered by the Corporation in accordance with Section 4. Business transacted at a special meeting held pursuant to a shareholder request shall not include the removal of members of the Board of Directors or the election of members of the Board of Directors (which matters shall only be taken at the annual meeting of the shareholders or at a special meeting called by the Chairman of the Board of Directors or the Board of Directors), until such time that a single person or entity or "group" of persons or entities who have filed as a "group" as defined under Section 13(d) of the Exchange Act, owns at least a majority of the outstanding stock of the Corporation. Following such time, the removal, replacement and election of directors may occur at a special meeting held pursuant to a shareholder request.

(f) Any shareholder(s) requesting a special meeting shall promptly provide any information reasonably requested by the Corporation.

SECTION 3. *Place of Meetings:* Meetings of shareholders shall be held at the principal office of the Corporation or at such other place, within or without the State of New York, or by means of electronic communications, as may be fixed by the Board of Directors. The board of directors may, in its discretion, authorize shareholders not physically present, in person or by proxy, at a meeting of shareholders to participate in the proceedings of such meeting and/or vote or grant proxies with respect to matters submitted to the shareholders at such meeting by means of electronic communication. A shareholder participating in a shareholders' meeting by such means is deemed to be present in person at the meeting.

SECTION 4. *Notice of Meetings:*

(a) Notice of each meeting of shareholders shall be in writing and shall state (1) the place, date and hour of the meeting and (2) the means of electronic communications, if any, by which shareholders may participate in the proceedings of the meeting and vote or grant proxies at such meeting. Notice of a special meeting shall state the purpose or purposes for which it is being called and shall also indicate that it is being issued by or at the direction of the person or persons calling the meeting. If, at any meeting, action is proposed to be taken which would, if taken, entitle shareholders, fulfilling the requirements of Section 623 of the Business Corporation Law of the State of New York (the "NYBCL") to receive payment for their shares of stock of the Corporation, the notice of such meeting shall include a statement of that purpose and to that effect.

(b) A copy of the notice of any meeting shall be given, personally, electronically or by mail, not less than 10 nor more than 60 days before the date of the meeting, to each shareholder entitled to vote at such meeting. If mailed, such notice is given when deposited in the United

States mail, with postage thereon prepaid, directed to the shareholder at his or her address as it appears on the record of shareholders, or, if he or she shall have filed with the Secretary a written request that notices to him or her be mailed to some other address, then directed to him or her at such other address.

(c) Notice of meeting need not be given to any shareholder who submits a signed waiver of notice, in person, electronically or by proxy, whether before or after the meeting. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him or her.

SECTION 5. *Quorum and Adjourned Meetings:*

(a) At any annual or special meeting the holders of a majority of the votes of shares of stock of the Corporation entitled to vote thereat, present in person or by proxy, shall constitute a quorum for the transaction of any business, provided that when a specified item of business is required to be voted on by a class or series, voting as a class, the holders of a majority of the votes of shares of such class or series shall constitute a quorum for the transaction of such specified item of business. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.

(b) Despite the absence of a quorum, the shareholders present may adjourn the meeting to another time and place, and it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. If after the adjournment, however, the Board of Directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder on the new record date entitled to notice under Section 4 of this Article I of these By-Laws.

SECTION 6. *Nominations and Business at Meetings:*

(a) At any annual or special meeting of shareholders, only persons who are nominated or business which is proposed in accordance with the procedures set forth in these By-Laws shall be eligible for election as directors or considered for action by shareholders.

(b) Nominations of persons for election to the Board of Directors of the Corporation may be made or business proposed at an annual or special meeting of shareholders (1) by or at the direction of the Board of Directors or (2) by any shareholder of the Corporation entitled to vote at the meeting who complies with the notice and other procedures set forth in these By-Laws and, with respect to nominations, the requirements of Rule 14a-19 under the Exchange Act. Such nominations or business proposals, other than those made by or at the direction of the Board of Directors, shall be properly requested by a shareholder pursuant to timely notice in writing to the Secretary of the Corporation in accordance with this Section 6 and, with respect to nominations, the requirements of Rule 14a-19 under the Exchange Act and such business proposals must, under applicable law, be a proper matter for shareholder action. For nominations of persons for election to the Board of Directors or proposals of other business to be properly requested by a shareholder to be made at an annual meeting, or brought before a special meeting, a shareholder must (A) in the case of a special meeting, with respect to (i) nominations of persons for election to the Board, either have called such meeting in accordance with Section 2 or be making nominations solely in response to nominations made by the Corporation or by another shareholder who has properly called such special meeting in accordance with Section 2 or (ii) proposals of

business to be conducted at such special meeting, have properly called such special meeting in accordance with Section 2, (B) be a shareholder of record at the time of giving of notice of such annual or special meeting by or at the direction of the Board of Directors and at the time of the annual or special meeting, (C) be entitled to vote at such annual or special meeting and (D) comply with the procedures set forth in these By-Laws as to such business or nomination.

(c) In the case of an annual meeting, to be timely, a shareholder's notice shall be delivered to the Secretary or mailed and received by the Secretary at the principal executive offices of the Corporation not less than 120 days nor more than 150 days in advance of the date which is the anniversary of the date the Corporation's proxy statement was released to security holders in connection with the previous year's annual meeting; provided, that, if the Corporation did not hold such previous year's annual meeting or if the anniversary date of the current year's annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting, then such shareholder's notice shall be so delivered to the Secretary or mailed and received by the Secretary at the principal executive offices of the Corporation not later than the 10th day following the date on which public announcement of the date of the annual meeting is first made. In no event shall an adjournment or postponement of an annual meeting of shareholders, or the public announcement thereof, commence a new time period for the giving of a shareholder's notice as described above.

(d) In the case of a special meeting, to be timely, a shareholder's notice shall be delivered to the Secretary or mailed and received by the Secretary at the principal executive offices of the Corporation not less than 120 days nor more than 150 days prior to the date of such special meeting; provided, that, if the first public announcement of the date of such special meeting is less than 130 days prior to the date of such special meeting, then such shareholder's notice shall be so delivered to the Secretary or mailed and received by the Secretary at the principal executive offices of the Corporation no later than the 10th day following the day on which public announcement of the date of the special meeting is first made. In no event shall an adjournment or postponement of a special meeting of shareholders, or the public announcement thereof, commence a new time period for the giving of a shareholder's notice as described above.

(e) In addition, to be timely, a shareholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is 10 business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary or mailed and received by the Secretary at the principal executive offices of the Corporation such that it is received not later than five business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date and not later than eight business days prior to the date for the meeting, any adjournment or postponement thereof in the case of the update and supplement required to be made as of 10 business days prior to the meeting or any adjournment or postponement thereof.

(f) To be in proper form, such shareholder's notice shall set forth, in such format or formats as prescribed by the board and provided by the Secretary of the Corporation (including, but not limited to formats with respect to both the questionnaire and the agreement referenced below):

(1) as to each person whom such shareholder proposes to nominate for election or reelection as a director: (A) the name, age, business and residence address of such person; (B) the principal occupation or employment of such person (present and for the past five years); (C) a completed and signed written questionnaire with respect to the background and qualification of such individual and the background of any other person or entity on whose behalf, directly or indirectly, the nomination is being made (which questionnaire shall

be provided by the Secretary within 10 days after receiving a written request therefor), and a written and signed representation and agreement of the nominee that such individual: (i) is not and will not become a party to (x) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation and (y) any Voting Commitment that could limit or interfere with such individual's ability to comply, if elected as a director of the Corporation, with such individual's fiduciary duties under applicable law; (ii) agrees to promptly provide to the Corporation such other information as the Corporation may reasonably request; and (iii) in such individual's personal capacity and on behalf of any person or entity on whose behalf, directly or indirectly, the nomination is being made, if elected as a director of the Corporation, would be in compliance with and will comply, with all applicable corporate governance, conflict of interest, confidentiality, stock ownership, and stock trading policies and guidelines of the Corporation publicly disclosed from time to time); and (D) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act (including, without limitation, such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected);

(2) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting (including the text of any resolutions proposed for consideration, and in the event that such business includes a proposal to amend these By-Laws, the text of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such person on whose behalf such proposal is made;

(3) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (A) the name and address of such shareholder, as they appear on the Corporation's books, of such beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith; (B) the class or series and number of shares of stock of the Corporation which are, directly or indirectly, owned beneficially and of record by such shareholder, such beneficial owner and/or their respective affiliates or associates or others acting in concert therewith; (C) a description of all agreements, arrangements, relationships and understandings between such shareholder and beneficial owner, if any, and any other person or persons (including, without limitation, their names) in connection with the proposal of such business by such shareholder; (D) any option, warrant, convertible security, swap, hedging transaction, stock appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class of shares of the Corporation or with a value derived in whole or in part from the value of any class of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class of capital stock of the Corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by such shareholder, and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation; (E) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder has a right to vote any shares of any security of the Corporation; (F) any short interest in a security of the Corporation (for purposes of this By-Law a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security); (G) any rights to dividends on the shares of the Corporation owned beneficially by such shareholder

that are separated or separable from the underlying shares of the Corporation; (H) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such shareholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner; (I) any performance-related fees (other than an asset-based fee) that such shareholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such shareholder's immediate family sharing the same household or any affiliates of such shareholder (which information shall be supplemented by such shareholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date); and (J) any other information relating to such shareholder and beneficial owner, if any, that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(4) a representation that such shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

(5) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such shareholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the shareholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant;

(6) if any such shareholder, such beneficial owner or any of their respective affiliates or associates, or others acting in concert therewith, intends to engage in a solicitation with respect to a nomination or other business, a statement disclosing the name of each participant in such solicitation and a representation that such shareholder, such beneficial owner or any of their respective affiliates or associates, or others acting in concert, therewith intends to deliver a proxy statement and form of proxy to holders of at least 67% of the voting shares, or any such higher percentage required under applicable law to approve or adopt the relevant proposal;

(7) a certification that each such shareholder, such beneficial owner or any of their respective affiliates or associates, or others acting in concert therewith, has complied with all applicable federal, state and other legal requirements in connection with its acquisition of shares or other securities of the Corporation and such person's acts or omissions as a shareholders of the Corporation; and

(8) the names and addresses of other shareholders (including beneficial owners) known by any such shareholder, such beneficial owner or any of their respective affiliates or associates, or others acting in concert therewith, to financially or otherwise materially support (it being understood, for example, that statement of an intent to vote for, or delivery of a revocable proxy to such proponent, does not require disclosure under this

section, but solicitation of other shareholders by such supporting shareholder would require disclosure under this section) such nomination(s) or proposal(s), and to the extent known the class and number of all shares of the Corporation's capital stock owned beneficially or of record by such other shareholder(s) or other beneficial owner(s).

(g) No person shall be eligible for election as a director of the Corporation and no business shall be conducted at the meeting of shareholders unless nominated or proposed in accordance with the procedures set forth in this Section 6. The chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination or proposal was not made in accordance with the provisions of this Section 6 and, if he or she should so determine, he or she shall so declare to the meeting and the defective nomination or proposal shall be disregarded, notwithstanding that proxies or votes in respect of such nominee may have been received by the Corporation. Notwithstanding anything in these By-Laws to the contrary, unless otherwise required by law, if any shareholder or beneficial owner, if any, on whose behalf a nomination is made (1) provides notice pursuant to Rule 14a-19(b) under the Exchange Act or includes the information required by Rule 14a-19(b) in a preliminary or definitive proxy statement previously filed by such person (it being understood that such notice or filing shall be in addition to, and not in lieu of, the notices required under these By-Laws) and (2) subsequently notifies the Corporation that it no longer intends to comply with Rule 14a-19(a)(2) or Rule 14a-19(a)(3) under the Exchange Act, fails to comply with the requirements of Rule 14a-9 under the Exchange Act, or fails to timely provide reasonable evidence sufficient to satisfy the Corporation that such shareholder or such beneficial owner has met the requirements of Rule 14a-19(a)(3) under the Exchange Act in accordance with the following sentence, then the nomination of each such proposed nominee shall be disregarded, notwithstanding that proxies or votes in respect of the election of such proposed nominees may have been received by the Corporation (which proxies and votes shall be disregarded). Upon request by the Corporation, if any shareholder or beneficial owner, if any, on whose behalf the nomination is made, provides notice pursuant to Rule 14a-19(b) under the Exchange Act or includes the information required by Rule 14a-19(b) in a preliminary or definitive proxy statement previously filed by such person, such shareholder or such beneficial owner shall deliver to the Corporation, no later than five business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3) under the Exchange Act.

(h) At the request of the Corporation, each person whom a shareholder proposes to nominate for election or reelection as a director must:

(1) provide an executed agreement, in a form deemed satisfactory by the Board of Directors or its designee, that (A) such person has read and agrees, if elected to serve as a member of the Board of Directors, to adhere to the Corporation's Corporate Governance Guidelines and Code of Business Conduct and any other Corporation policies and guidelines applicable to directors, and (B) that such person is not and will not become a party to any compensatory, payment or other financial agreement, arrangement or understanding with any person or entity in connection with his or her nomination, service or action as a director of the Corporation, or any agreement, arrangement or understanding with any person or entity as to how such person would vote or act on any issue or question as a director, in each case that has not been fully disclosed to the Corporation;

(2) submit completed and signed questionnaires required of the directors (forms of which shall be made available by the Secretary following written request); and

(3) provide such additional information as necessary to permit the Board of Directors to determine if such person is independent under the listing standards of each principal U.S. exchange upon which the Common Stock is listed, any applicable rules of the Securities and Exchange Commission (the "SEC") and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the directors. If any information or communications provided by or on behalf of the shareholder or the person whom such shareholder proposes to nominate for election or reelection as a director to the Corporation or its shareholders ceases to be true and correct in all material respects or omits a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, the shareholder or the person whom such shareholder proposes to nominate for election or reelection as a director, as the case may be, shall promptly notify the Secretary of any defect in such previously provided information and of the information that is required to correct any such defect.

(i) Any shareholder directly or indirectly soliciting proxies from other shareholders must use a proxy card color other than white, which shall be reserved for exclusive use by the Board of Directors.

SECTION 7. *Organization*: At every meeting of the shareholders, the Chairman of the Board, or in his or her absence, the Chief Executive Officer, or in his or her absence, the President, or in his or her absence, a person selected by a majority of the directors present at the meeting, shall act as chairman of the meeting. The Secretary or, in his or her absence, an Assistant Secretary shall act as secretary of the meeting, and in the absence of both the Secretary and an Assistant Secretary, a person selected by a majority of the directors present at the meeting shall act as secretary of the meeting.

SECTION 8. *Voting*:

(a) Whenever any corporate action is to be taken by vote of the shareholders, it shall, except as otherwise required by law or by the Certificate of Incorporation be authorized by a majority of the votes cast in favor of or against such action at a meeting of shareholders by the holders of shares of stock of the Corporation entitled to vote thereon. An abstention shall not constitute a vote cast.

(b) In an uncontested election, any incumbent nominee for director who receives a greater number of votes cast against his or her election than in favor of his or her election shall tender his or her resignation promptly after such election. The independent directors shall then decide, based on the relevant facts and circumstances, whether to accept or reject the resignation. The Board's explanation of its decision shall be promptly disclosed on Form 8-K filed with the SEC.

SECTION 9. *Qualification of Voters*:

(a) Every shareholder of record of Common Stock shall be entitled at every meeting of such shareholders to one vote for every share of Common Stock standing in his or her name on the record of shareholders.

(b) Shares of stock of the Corporation belonging to the Corporation and shares of stock of the Corporation held by another domestic or foreign corporation of any type or kind, if a majority of the shares entitled to vote in the election of directors of such other corporation is held

by the Corporation, shall not be shares of stock of the Corporation entitled to vote or to be counted in determining the total number of outstanding shares of stock of the Corporation.

(c) Shares of stock of the Corporation having voting power held by an administrator, executor, guardian, conservator, committee, or other fiduciary, except a trustee, may be voted by him or her, either in person or, if authorized by the board of directors, by electronic communication or by proxy, without transfer of such shares into his or her name. Shares of stock of the Corporation having voting power held by a trustee may be voted by him or her, either in person or by proxy, only after the shares have been transferred into his or her name as trustee or into the name of his or her nominee.

(d) Shares of stock of the Corporation having voting power standing in the name of another domestic or foreign corporation of any type or kind may be voted by such officer, agent or proxy as the by-laws of such corporation may provide, or in the absence of such provision, as the board of directors of such corporation may provide.

SECTION 10. *Proxies:*

(a) Every shareholder entitled to vote at a meeting of shareholders or to express consent or dissent without a meeting may authorize another person or persons to act for him or her by proxy.

(b) No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided by law.

(c) The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the shareholder who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the Secretary or an Assistant Secretary.

(d) Without limiting the manner in which a shareholder may authorize another person or persons to act for him or her as proxy pursuant to paragraph (a) of this Section, the following shall constitute a valid means by which a shareholder may grant such authority:

(1) A shareholder may execute a writing authorizing another person or persons to act for him or her as proxy. Execution may be accomplished by the shareholder or the shareholder's authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, without limitation, by facsimile signature.

(2) A shareholder may authorize another person or persons to act for the shareholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be reasonably determined that the telegram, cablegram or other electronic transmission was authorized by the shareholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors shall specify the nature of the information upon which they relied.

(e) Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to paragraph (d) of this Section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile, telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

SECTION 11. *Inspectors of Election:*

(a) The Board of Directors, in advance of any shareholders' meeting, shall appoint one or more inspectors to act at the meeting or any adjournment thereof. The Board of Directors may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed, or if such persons are unable to act at a meeting of shareholders, the person presiding at a shareholders' meeting shall appoint one or more inspectors. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability.

(b) The inspectors shall determine the number of outstanding shares of stock of the Corporation and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or any shareholder entitled to vote thereat, the inspectors shall make a report in writing of any challenge, question or matter determined by them and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated and of the vote as certified by them.

SECTION 12. *List of Shareholders at Meetings:* A list of shareholders as of the record date, certified by the Secretary or by the transfer agent, shall be produced at any meeting of shareholders upon the request thereat or prior thereto of any shareholder. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

**ARTICLE II
BOARD OF DIRECTORS**

SECTION 1. *Power of Board and Qualification of Directors:* The business of the Corporation shall be managed under the direction of the Board of Directors, each of whom shall be at least eighteen years of age.

SECTION 2. *Number, Term of Office and Classification:*

(a) The Board of Directors shall consist of one or more directors. The number of directors shall be determined from time to time by resolution of a majority of the entire Board of Directors then in office, provided that no decrease in the number of directors shall shorten the term of any incumbent director. At each annual meeting of shareholders directors shall be elected to hold office until the next annual meeting.

(b) All directors shall have equal voting power.

SECTION 3. *Organization*: At each meeting of the Board of Directors, the Chairman of the Board, or in his or her absence, if the Chief Executive Officer is a director, the Chief Executive Officer, or if the Chief Executive Officer is not a director or in his or her absence, if the President is a director, the President, or if the President is not a director or in his or her absence, a chairman chosen by a majority of the directors present at the meeting shall preside. The Secretary shall act as secretary of the Board of Directors. In the event the Secretary shall be absent from any meeting of the Board of Directors, a majority of the directors present at the meeting shall select the secretary.

SECTION 4. *Resignations and Removal*: Any director of the Corporation may resign at any time by giving written notice to the Chairman of the Board or to the Secretary of the Corporation. Such resignation shall take effect at the time specified therein or, if no time be specified, then on delivery. No director may be removed from the Board of Directors without cause, except as provided in Section 2 of Article Seventh of the Certificate of Incorporation.

SECTION 5. *Vacancies*: Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the Board of Directors for any reason may only be filled by a vote of a majority of the directors then in office, even if less than a quorum exists. A director elected to fill a vacancy shall hold office until the next annual meeting.

SECTION 6. *Place of Meeting*: The Board of Directors may hold its meetings at such place or places within or without the State of New York, or by means of electronic communications, as the Board of Directors may from time to time by resolution determine.

SECTION 7. *First Meeting*: On the day of each annual election of directors, the Board of Directors shall meet for the purpose of organization and the transaction of other business. Notice of such meeting need not be given. Such first meeting may be held at any other time which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

SECTION 8. *Regular Meetings*: Regular meetings of the Board of Directors may be held at such times as may be fixed from time to time by resolution of the Board of Directors without notice.

SECTION 9. *Special Meetings*: Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, or by any two of the directors. Oral, telegraphic, electronic or written notice shall be given, sent, transmitted or mailed not less than one day before the meeting and shall state, in addition to the purposes, the date, place, if any, and hour of such meeting.

SECTION 10. *Waivers of Notice*: Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him or her.

SECTION 11. *Quorum and Manner of Acting*:

(a) If the number of directors is twelve or more, seven directors shall constitute a quorum for the transaction of business or any specified item of business. If the number of directors is less than twelve, a majority of the entire Board of Directors shall constitute a quorum.

(b) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place without notice to any director.

SECTION 12. *Written Consents*: Any action required or permitted to be taken by the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board or committee shall be filed with the minutes of the proceedings of the Board or committee.

SECTION 13. *Participation At Meetings By Telephone*: Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

SECTION 14. *Compensation*: The Board of Directors shall have authority to fix the compensation of directors for services in any capacity.

SECTION 15. *Interested Directors*:

(a) No contract or other transaction between the Corporation and one or more of its directors, or between the Corporation and any other corporation, firm, association or other entity in which one or more of its directors are directors or officers, or are financially interested, shall be either void or voidable for this reason alone or by reason alone that such director or directors are present at the meeting of the Board of Directors, or of a committee thereof, which approves such contract or transaction, or that his or her or their votes are counted for such purpose, provided that the parties to the contract or transaction establish affirmatively that it was fair and reasonable as to the Corporation at the time it was approved by the Board, a committee, or the shareholders.

(b) Any such contract or transaction may not be avoided by the Corporation for the reasons set forth in paragraph (a) of this Section 15, if

(1) the material facts as to such director's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board or committee, and the Board or committee approves such contract or transaction by a vote sufficient for such purpose without counting the vote of such interested director or, if the votes of the disinterested directors are insufficient for such purpose, by unanimous vote of the disinterested directors (although common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which approves such contract or transactions), or

(2) the material facts as to such director's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the shareholders entitled to vote thereon, and such contract or transaction is approved by vote of such shareholders.

SECTION 16. *Loans to Directors*: The Corporation may not lend money to or guarantee the obligation of a director of the Corporation unless the particular loan or guarantee is approved by the shareholders, with the holders of a majority of the shares of stock of the Corporation entitled to vote thereon constituting a quorum, but shares of stock of the Corporation held of record or beneficially by directors who are benefited by such loan or guarantee shall not be entitled to vote or to be included in the determination of a quorum.

**ARTICLE III
COMMITTEES**

SECTION 1. *How Constituted and Powers:* The Board of Directors by resolution adopted by a majority of the entire Board may designate from among its members committees of the Board, each of which shall consist of one or more directors and shall have such authority as provided in the resolution designating the committee, except such committees shall have no authority as to the following matters:

- (a) The submission to shareholders of any action that needs shareholders' authorization.
- (b) The filling of vacancies in the Board or in any committee.
- (c) The fixing of compensation of the directors for serving on the Board or on any committee.
- (d) The amendment or repeal of these By-Laws, or the adoption of new By-Laws.
- (e) The amendment or repeal of any resolution of the Board which, by its terms, shall not be so amendable or repealable.
- (f) The declaration of dividends.

SECTION 2. *Quorum and Manner of Acting:* Unless otherwise provided by resolution of the Board of Directors, a majority of each committee of the Board shall constitute a quorum for the transaction of business and the act of a majority of all of the members of the committee, whether present or not, shall be the act of the committee. The members of the committee shall act only as a committee. The procedure of the committee and its manner of acting shall be subject at all times to the directions of the Board of Directors.

SECTION 3. *Alternate Members:* The Board of Directors may designate one or more eligible directors as alternate members of any committee of the Board who may replace any absent or disqualified member or members at any meeting of any such committee.

**ARTICLE IV
CHAIRMAN OF THE BOARD AND OFFICERS**

SECTION 1. *Chairman of the Board:* There shall be a Chairman of the Board. The Chairman of the Board may be, but need not be, an officer or employee of the Corporation. The Chairman of the Board shall be chosen from among the directors. The Chairman of the Board shall preside at all meetings of the shareholders at which he or she is present. The Chairman of the Board shall preside at all meetings of the directors at which he or she is present and may attend any meeting of any committee of the Board, whether or not a member of such committee. The Chairman of the Board shall have such powers and perform such other duties as may be assigned to him or her by the Board.

SECTION 2. *Number:* The Board may elect a Chief Executive Officer, a President, one or more Vice Presidents, a Treasurer, a Secretary, and such other officers as the Board of Directors may in its discretion determine. Any two or more offices may be held by the same person, including, without limitation, by the Chairman of the Board.

SECTION 3. *Term of Offices and Qualifications*: The Chairman of the Board and those officers elected pursuant to Section 2 of this Article IV shall be chosen by the Board of Directors on the day of the annual meeting. Unless a shorter term is provided in the resolution of the Board electing the Chairman of the Board or such officer, the term of office of the Chairman of the Board or such officer, as applicable, shall extend to and expire at the meeting of the Board held on the day of the next annual meeting.

SECTION 4. *Additional Officers*: Additional officers other than those elected pursuant to Section 2 of this Article IV shall be elected for such period, have such authority and perform such duties, either in an administrative or subordinate capacity, as the Board of Directors may from time to time determine.

SECTION 5. *Removal of Chairman of the Board and Officers*: The Chairman of the Board and/or any officer may be removed by the Board of Directors with or without cause, at any time. Removal of the Chairman of the Board and/or an officer without cause shall be without prejudice to his or her contract rights, if any, but his or her election as Chairman of the Board and/or an officer shall not of itself create contract rights.

SECTION 6. *Resignation*: The Chairman of the Board and/or any officer may resign at any time by giving written notice to the Board of Directors, or to the Chairman of the Board or to the Secretary. Any such resignation shall take effect at the time specified therein, or if no time be specified, then upon delivery.

SECTION 7. *Vacancies*: A vacancy in any office, including, without limitation, Chairman of the Board, shall be filled by the Board of Directors.

SECTION 8. *Chief Executive Officer*: The Chief Executive Officer of the Corporation shall, subject to the direction of the Board, have general and active control of the affairs and business of the Corporation and general supervision of its officers, officials, employees and agents. In the absence of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the shareholders and, if he or she is also a director, meetings of directors at which he or she is present.

SECTION 9. *President*: The President shall, in the absence of the Chief Executive Officer, exercise the powers and duties of the Chief Executive Officer. The President shall have such powers and perform such other duties as may be assigned to him or her by the Board.

SECTION 10. *Vice Presidents*: Each Vice President shall have such powers and shall perform such duties as may be assigned to him or her by the Board of Directors or the Chief Executive Officer. With respect to seniority of Vice Presidents, unless the Board determines otherwise, Executive Vice Presidents shall be first in order of priority, Senior Vice Presidents shall be second in order of priority and Vice Presidents shall be third in order of priority.

SECTION 11. *Treasurer*: The Treasurer shall, if required by the Board of Directors, give a bond for the faithful discharge of his or her duties, in such sum and with such sureties as the Board of Directors shall require. He or she shall have charge and custody of, and be responsible for, all funds and securities of the Corporation, and deposit all such funds in the name of and to the credit of the Corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors. The Treasurer may sign certificates for stock of the Corporation authorized by the Board of Directors. He or she shall also perform all other duties customarily incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Board of Directors.

SECTION 12. *Secretary*: It shall be the duty of the Secretary to act as secretary of all meetings of the Board of Directors, and of the shareholders, and to keep the minutes of all such meetings at which he or she shall so act in a proper book or books to be provided for that purpose; he or she shall see that all notices required to be given by the Corporation are duly given and served; he or she may sign and execute in the name of the Corporation certificates for the stock of the Corporation, deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors; he or she shall prepare, or cause to be prepared, for use at meetings of shareholders the list of shareholders as of the record date referred to in Article I, Section 12 of these By-Laws and shall certify, or cause the transfer agent to certify, such list; he or she shall keep a current list of the Corporation's directors and officers and their residence addresses; he or she shall be custodian of the seal of the Corporation and shall affix the seal, or cause it to be affixed, to all agreements, documents and other papers requiring the same. The Secretary shall have custody of the Minute Book containing the minutes of all meetings of shareholders, directors, and the committees of the Board which may keep minutes, and of all other contracts and documents which are not in the custody of the Treasurer of the Corporation, or in the custody of some other person authorized by the Board of Directors to have such custody.

SECTION 13. *Appointed Officers*: The Board of Directors may delegate to any officer or committee the power to appoint and to remove any subordinate officer, agent or employee.

SECTION 14. *Assignment and Transfer of Stocks, Bonds, and Other Securities*: The Chief Executive Officer, the Treasurer, the Secretary, any Assistant Secretary, any Assistant Treasurer, and each of them, shall have power to assign, or to endorse for transfer, under the corporate seal, and to deliver, any stock, bonds, subscription rights, or other securities, or any beneficial interest therein, held or owned by the Corporation.

ARTICLE V CONTRACTS, CHECKS, DRAFTS AND BANK ACCOUNTS

SECTION 1. *Execution of Contracts*: The Board of Directors, except as these By-Laws otherwise provided, may authorize any officer or officers, agent, or agents, in the name of and on behalf of the Corporation to enter into any contract or execute and deliver any instrument, and such authority may be general or confined to specific instances; but, unless so authorized by the Board of Directors, or expressly authorized by these By-Laws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily in any amount for any purpose.

SECTION 2. *Loans*: No loans shall be contracted on behalf of the Corporation, and no negotiable paper shall be issued in its name unless specifically authorized by the Board of Directors.

SECTION 3. *Checks, Drafts, etc.*: All checks, drafts, and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. *Deposits*: All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VI STOCKS AND DIVIDENDS

SECTION 1. *Shares of Stock*: Shares of stock of the Corporation shall be represented by certificates except to the extent that the Board of Directors of the Corporation shall provide by resolution that some or all of any or all classes and series of stock of the Corporation shall be uncertificated shares, provided that such resolution shall not apply to shares of stock of the Corporation represented by a certificate until such certificate is surrendered to the Corporation. Except as otherwise expressly provided by law, the rights and obligations of holders of uncertificated shares and the rights and obligations of the holders of certificates representing shares of stock of the Corporation of the same class and series shall be identical.

SECTION 2. *Certificates For Shares*: To the extent that shares of stock of the Corporation are to be represented by certificates, the certificates therefor shall be in such form as shall be approved by the Board of Directors. The certificates of stock shall be numbered in order of their issue, shall be signed by the Chairman of the Board, the President or a Vice President, and the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer. The signature of the officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the Corporation itself or its employee. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were an officer at the date of issue.

SECTION 3. *Transfer of Stock*: Transfers of stock of the Corporation shall be made only on the books of the Corporation by the holder thereof, or by his or her duly authorized attorney, on surrender of the certificate or certificates for stock represented by certificates, properly endorsed, or in the case of shares of stock of the Corporation not represented by certificates, on delivery to the Corporation of proper transfer instructions. Within a reasonable time after the issuance or transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to the NYBCL. Every certificate surrendered to the Corporation shall be marked "Canceled", with the date of cancellation, and no new certificate shall be issued in exchange therefor until the old certificate has been surrendered and canceled. A person in whose name stock of the Corporation stands on the books of the Corporation shall be deemed the owner thereof as regards the Corporation; provided that, whenever any transfer of stock shall be made for collateral security, and not absolutely, such fact, if known to the Secretary of the Corporation, or to its transfer agent shall be so expressed in the entry of the transfer. No transfer of stock shall be valid as against the Corporation, or its shareholders for any purpose, until it shall have been entered in the stock records of the Corporation as specified in these By-Laws by an entry showing from and to whom transferred.

SECTION 4. *Transfer and Registry Agents*: The Corporation may, from time to time, maintain one or more transfer offices or agencies and/or registry offices at such place or places as may be determined from time to time by the Board of Directors; and the Board of Directors may, from time to time, define the duties of such transfer agents and registrars and make such rules and regulations as it may deem expedient, not inconsistent with these By-Laws, concerning the issue, transfer and registration of certificates for stock or uncertificated stock of the Corporation.

SECTION 5. *Lost, Destroyed and Mutilated Certificates*: The holder of any certificated stock of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of the certificate therefor. The Corporation may issue a new certificate or uncertificated stock in place of the lost or destroyed certificate, but as a condition to such issue, the holder of

such certificate must make satisfactory proof of the loss or destruction thereof, and must give to the Corporation a bond of indemnity in form and amount and with one or more sureties satisfactory to the Treasurer, the Secretary or any Assistant Treasurer or Assistant Secretary. Such bond of indemnity shall also name as obligee each of the transfer agents and registrars for the stock the certificate for which has been lost or destroyed.

SECTION 6. *Record Dates for Certain Purposes*: The Board of Directors of the Corporation shall fix a day and hour (a) not more than 60 nor less than 10 days preceding the date of any meeting of shareholders and (b) not more than 60 days preceding the date for payment of any cash or stock dividend, or the date for the allotment of any rights of subscription, or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend, or entitled to receive any such allotment of rights of subscription, or entitled to exercise rights in respect of any such change, conversion or exchange of capital stock, and in such case, such shareholders and only such shareholders as shall be shareholders of record on the day and hour so fixed shall be entitled to such notice of, and to vote at, such meeting or any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights of subscription, or to exercise rights in connection with such change or conversion or exchange of capital stock, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after such day and hour fixed as aforesaid.

SECTION 7. *Dividends and Surplus*: Subject to the limitations prescribed by law, the Board of Directors (a) may declare dividends on the stock of the Corporation whenever and in such amounts as, in its opinion, the condition of the affairs of the Corporation shall render it advisable, (b) may use and apply, in its discretion, any part or all of the surplus of the Corporation in purchasing or acquiring any of the shares of stock of the Corporation, and (c) may set aside from time to time out of such surplus or net profits such sum or sums as it in its absolute discretion, may think proper as a reserve fund to meet contingencies or for equalizing dividends, or for the purpose of maintaining or increasing the property or business of the Corporation, or for any other purpose it may think conducive to the best interest of the Corporation.

ARTICLE VII OFFICES AND BOOKS

SECTION 1. *Offices*: The Corporation shall maintain an office at such place in the County of New York, State of New York, as the Board of Directors may determine. The Board of Directors may from time to time and at any time establish offices of the Corporation or branches of its business at whatever place or places seem to it expedient.

SECTION 2. *Books and Records*:

(a) There shall be kept at one or more offices of the Corporation (1) correct and complete books and records of account, (2) minutes of the proceedings of the shareholders, Board of Directors and the committees of the Board, (3) a current list of the directors and officers of the Corporation and their residence addresses, and (4) a copy of these By-Laws.

(b) The stock records may be kept either at the office of the Corporation or at the office of its transfer agent or registrar in the State of New York, if any, and shall contain the names and addresses of all shareholders, the number and class of shares of stock of the

Corporation held by each and the dates when they respectively became the owners of record thereof.

**ARTICLE VIII
GENERAL**

SECTION 1. *Seal*: The corporate seal shall be in the form of a circle and shall bear the full name of the Corporation and the words and figures "Incorporated 2016, New York".

SECTION 2. *Indemnification of Directors and Officers*: Except to the extent expressly prohibited by law, the Corporation shall indemnify any person, made or threatened to be made, a party in any civil or criminal action or proceeding, including, without limitation, an action or proceeding by or in the right of the Corporation to procure a judgment in its favor or by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the Corporation served in any capacity at the request of the Corporation, by reason of the fact that he or she, his or her testator or intestate is or was a director or officer of the Corporation or serves or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity, against judgments, fines, penalties, amounts paid in settlement and reasonable expenses, including, without limitation, attorneys' fees, incurred in connection with such action or proceeding, or any appeal therein. Such indemnification shall include the right to be paid advances of any expenses incurred by such person in connection with such action, suit or proceeding, consistent with the provisions of applicable law. In addition to the foregoing, the Corporation is authorized to extend rights to indemnification and advancement of expenses to such persons by (a) resolution of the shareholders, (b) resolution of the directors or (c) an agreement, to the extent not expressly prohibited by law.

SECTION 3. *Definitions*: For purposes of these By-laws, the following definitions shall apply.

(a) A person shall be deemed to be "acting in concert" with another person if such person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert with, or toward a common goal relating to the management, governance or control of the Corporation in substantial parallel with, such other person where (1) each person is conscious of the other person's conduct or intent and this awareness is an element in their decision-making processes and (2) at least one additional factor suggests that such persons intend to act in concert or in substantial parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions or making or soliciting invitations to act in concert or in substantial parallel; provided that a person shall not be deemed to be acting in concert with any other person solely as a result of the solicitation or receipt of revocable proxies or consents from such other person in response to a solicitation made pursuant to, and in accordance with, Section 14(a) (or any successor provision) of the Exchange Act by way of a proxy or consent solicitation statement filed on Schedule 14A. A person acting in concert with another person shall be deemed to be acting in concert with any third party who is also acting in concert with such other person.

(b) "Affiliate" shall have the meaning set forth for such term in Rule 12b-2 under the Exchange Act.

(c) "Associate" shall have the meaning set forth for such term in Rule 12b-2 under the Exchange Act.

(d) "Beneficial ownership" or "beneficially owned" shall have the meanings set forth for such terms in Section 13(d) of the Exchange Act.

(e) The term “Certificate of Incorporation,” as used herein, includes not only the original Certificate of Incorporation filed to create the Corporation but also all other certificates, agreements of merger or consolidation, plans of reorganization, or other instruments, howsoever designated, which are filed pursuant to the NYBCL, and which have the effect of amending or supplementing in some respect this Corporation’s original Certificate of Incorporation.

(f) “Electronic transmission” shall mean any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such recipient through an automated process or that otherwise may be permitted as an electronic transmission by the NYBCL, as amended from time to time.

(g) “Public announcement” or “public disclosure” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the SEC pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(h) To be considered a “qualified representative” of a shareholder, a person must be a duly authorized officer, manager, trustee or partner of such shareholder or must be authorized by a writing executed by such shareholder or an electronic transmission delivered by such shareholder to act for such shareholder as a proxy at the meeting of shareholders and such person must produce such writing or electronic transmission, or a reliable reproduction thereof, at the meeting. The Secretary, or any other person who shall be appointed to serve as secretary of the meeting, may require, on behalf of the Corporation, reasonable and appropriate documentation to verify the status of a person purporting to be a “qualified representative” for purposes hereof.

(i) “Solicitation” shall have the meaning set forth for such term in Rule 14a-1(l) under the Exchange Act.

ARTICLE IX FISCAL YEAR

SECTION 1. *Fiscal Year*: The fiscal year of the Corporation shall end on the 31st day of December in each year.

ARTICLE X AMENDMENTS

SECTION 1. *Amendments*: These By-Laws may be amended, repealed or adopted by a majority of the voting power of all the shares of stock of the Corporation entitled to vote in the election of directors, voting together as a single class. If, at any meeting of shareholders, action is proposed to be taken to amend, repeal or adopt By-Laws, the notice of such meeting shall include a brief statement or summary of the proposed action. These By-Laws may also be amended, repealed or adopted by the Board of Directors, except the affirmative vote of the holders of a majority of the voting power of all the shares of stock of the Corporation entitled to vote in the election of directors, voting together as a single class, shall be required to amend, repeal or adopt any provision inconsistent with the first sentence of Article I, Section 2 of these By-Laws. Any By-Law adopted by the Board may be amended or repealed by shareholders entitled to vote thereon as hereinabove provided. If any By-Law regulating an impending election of directors is adopted, amended or repealed by the Board of Directors, there shall be set forth in the notice of the next

meeting of shareholders for the election of directors the By-Law so adopted, amended or repealed, together with a concise statement of the changes made.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement is dated as of _____, 20__ (this "**Agreement**") and is between Conduent Incorporated, a New York corporation (the "**Company**"), and _____ ("**Indemnitee**").

Background

The Company believes that in order to attract and retain highly competent persons to serve as directors or in other capacities, including as officers, it must provide such persons with adequate protection through indemnification against the risks of claims and actions against them arising out of their services to and activities on behalf of the Company.

The Company desires and has requested Indemnitee to serve, or to continue to serve, as a director or executive officer of the Company and, in order to induce Indemnitee to serve, or to continue to serve, as a director or executive officer of the Company, the Company is willing to grant Indemnitee the indemnification provided for herein. Indemnitee is willing to so serve, or to continue to serve, on the basis that such indemnification be provided.

The parties by this Agreement desire to set forth their agreement regarding indemnification and the advancement of expenses.

In consideration of Indemnitee's service to the Company and the covenants and agreements set forth below, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Indemnification. To the fullest extent permitted by the Business Corporation Law of the State of New York in effect on the date hereof, or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification (the "**NYBCL**"):

(a) Subject to the terms hereinafter set forth, the Company shall indemnify Indemnitee if Indemnitee was or is a party to, is threatened to be made a party to, or is otherwise involved in, as a witness or otherwise, any threatened, pending or completed action, suit or proceeding (brought in the right of the Company or otherwise), whether civil, criminal, administrative or investigative and whether formal or informal, including any and all appeals, by reason of the fact that Indemnitee is or was or has agreed to serve as a director or officer of the Company, or while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of any action alleged to have been taken or omitted by Indemnitee in any such capacity.

(b) The indemnification provided by this Section 1 shall be from and against all loss and liability suffered and expenses (including attorneys' fees, costs and expenses), judgments, fines and amounts paid in settlement, in each case actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding, including any appeals (collectively, "**Losses**"), subject in all cases to the terms hereinafter set forth.

Section 2. Advancement of Expenses. To the fullest extent permitted by the NYBCL, following the Company's receipt of notice pursuant to Section 3(a) and subject to the terms hereinafter set forth, expenses (including reasonable attorneys' fees) incurred by Indemnitee in appearing at, participating in or defending, or otherwise arising out of or related to, any action, suit or proceeding described in Section 1(a) shall be paid by the Company in advance of the final disposition of such action, suit or proceeding (an "**advancement of expenses**") within thirty (30) days after receipt by the Company of a statement or statements from Indemnitee requesting such advancement of expenses from time to time (which shall contain reasonable detail and supporting documentation as to the nature and amount of such expenses), subject to the Company's receipt of a written undertaking on the part of Indemnitee to repay any amounts so advanced to the extent that it is ultimately determined by final judicial decision from which there is no further right to appeal (a "**final adjudication**") that such Indemnitee is not entitled to be indemnified or entitled to advancement of expenses under this Agreement. Indemnitee's execution of this Agreement shall constitute such undertaking, and (unless otherwise requested by the Company) no other form of undertaking shall be required of Indemnitee other than the execution of this Agreement. For the avoidance of doubt, for purposes hereof, an expense shall be deemed to be "incurred" by Indemnitee when an invoice in respect thereof has been issued or such expense shall otherwise be due and payable and shall not require that Indemnitee has actually paid such expense. The Company's obligation to provide an advancement of expenses to Indemnitee shall be subject in all respects to Section 3(b). Notwithstanding the foregoing, the Company shall have no obligation to make any payment provided in this Section 2 in the event the Board of Directors (as defined below) determines, in good faith, that Indemnitee has engaged in fraud, bad faith or criminal conduct relating to the subject matter of the proceeding in which Indemnitee is seeking advancement of expenses.

Section 3. Procedure for Indemnification; Notification and Defense of Claim.

(a) Promptly after receipt by Indemnitee of notice of the commencement of any action, suit or proceeding, Indemnitee shall, if any indemnification, advancement or other claim in respect thereof is to be sought from or made against the Company hereunder, notify the Company in writing of the commencement thereof. The failure to promptly notify the Company of the commencement of any action, suit or proceeding, or of Indemnitee's request for indemnification, advancement or other claims shall not relieve the Company from any liability that it may have to Indemnitee hereunder and shall not constitute a waiver or release by Indemnitee of any rights hereunder or otherwise, except to the extent the Company is actually and materially prejudiced in its defense of such action, suit or

proceeding as a result of such failure. To submit a request for indemnification under Section 1, Indemnitee shall submit to the Company a written request therefor; *provided* that any request for such indemnification may not be made after the final disposition of such action, suit or proceeding. Any notice by Indemnitee under this Section 3 requesting indemnification should include such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to enable the Company to determine whether and to what extent Indemnitee is entitled to indemnification.

(b) With respect to any action, suit or proceeding of which the Company is so notified as provided in this Agreement, the Company shall, subject to the last two sentences of this Section 3(b), be entitled to assume the defense of such action, suit or proceeding upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, the Company will not be liable to Indemnitee under this Agreement for any subsequently incurred fees of separate counsel engaged by Indemnitee with respect to the same (or substantially similar) action, suit or proceeding unless the employment of separate counsel by Indemnitee has been previously authorized in writing by the Company. Notwithstanding the foregoing, if Indemnitee, based on the advice of his or her counsel, shall have reasonably concluded (with written notice being given to the Company setting forth the basis for such conclusion) that, in the conduct of any such defense, there is an actual or potential conflict of interest or position (other than such potential conflicts that are objectively immaterial or remote) between the Company and Indemnitee with respect to a significant issue, then the Company will not be entitled, without the written consent of Indemnitee, to assume such defense, and (for the avoidance of doubt) if the Company shall not be entitled to assume the defense as herein provided, then the indemnity and advancement of expense provisions set forth in this Agreement (including in Section 1 and Section 2 hereof) shall apply. In addition, the Company will not be entitled, without the written consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Company.

(c) The determination of whether the Indemnitee is entitled to indemnification shall be made promptly and in any event within sixty (60) days following the Company's receipt of a request for indemnification in accordance with Section 3(a). If the determination of whether to grant Indemnitee's indemnification request shall not have been made within such sixty (60) day period, the requisite determination of entitlement to indemnification shall, subject to Section 6, nonetheless, to the fullest extent permitted by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) an intentional misstatement by Indemnitee of a material fact, or an intentional omission of a material fact necessary to make Indemnitee's statement not misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under the NYBCL; *provided, however*, that such sixty (60) day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation or information relating thereto.

(d) In the event that (i) the Company determines in accordance with this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) the

Company denies a request for indemnification, in whole or in part, or fails to respond or make a determination of entitlement to indemnification within sixty (60) days following receipt of a request for indemnification as described above (as it may be extended as described above), (iii) payment of indemnification is not made within such sixty (60) day period (as it may be extended as described above), (iv) any advancement of expenses is not timely made in accordance with Section 2 or (v) the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to pursue an adjudication in any court of competent jurisdiction of his or her entitlement to such indemnification or advancement of expenses, as applicable. Indemnitee's reasonable expenses (including reasonable attorneys' fees, costs and expenses) incurred in connection with successfully establishing Indemnitee's right to indemnification or advancement of expenses, in whole or in part, in any such proceeding or otherwise shall also be indemnified by the Company to the fullest extent permitted by the NYBCL.

(e) Indemnitee shall, to the fullest extent permitted by law, and subject to the limitations set forth in Section 2 above, be presumed to be entitled to indemnification and advancement of expenses under this Agreement upon submission of a request therefor in accordance with Section 2 or Section 3, as the case may be. The Company shall have the burden of proof in overcoming such presumption, and such presumption shall be used as a basis for a determination of entitlement to indemnification and advancement of expenses unless, to the fullest permitted by law, the Company overcomes such presumption. For purposes of this Agreement, to the fullest extent permitted by the NYBCL, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company, including financial statements, or on information supplied to Indemnitee by the officers, employees or committees of the Board of Directors of the Company, or on the advice of legal counsel or other advisors (including financial advisors and accountants) for the Company or on information or records given in reports made to the Company by an independent certified public accountant or by an appraiser or other expert or advisor selected by the Company, and the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or relevant enterprises will not be imputed to Indemnitee in a manner that limits or otherwise adversely affects Indemnitee's rights hereunder.

Section 4. Insurance and Subrogation.

(a) The Company hereby covenants and agrees that, so long as Indemnitee shall be subject to any possible action, suit or proceeding by reason of the fact that Indemnitee is or was or has agreed to serve as a director or officer of the Company, or while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, the Company, subject to Section 4(b), shall promptly obtain and maintain in full force and effect directors' and officers' liability insurance ("**D&O Insurance**") in an amount

determined by the Board of Directors to be reasonable from established and reputable insurers, as more fully described below.

(b) Notwithstanding any other provisions of this Agreement to the contrary, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that: (i) such insurance is not reasonably available; (ii) the premium costs for such insurance are disproportionate to the amount of coverage provided; (iii) the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit; (iv) the Company is to be acquired and a tail policy of reasonable terms and duration is purchased for pre-closing acts or omissions by Indemnitee; (v) the Company is to be acquired and D&O Insurance, with substantially the same terms and conditions as the D&O Insurance in place prior to such acquisition, will be maintained by the acquirer that covers pre-closing acts and omissions by Indemnitee; or (vi) the Company has established an alternative funding mechanism that the Board of Directors has determines provides coverage to the Indemnitee that is substantially equivalent (or more favorable) to the coverage that would be provided pursuant to the D&O Insurance.

(c) In all policies of D&O Insurance, Indemnitee shall qualify as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured (i) of the Company's independent directors (as defined by the insurer) if Indemnitee is such an independent director; (ii) of the Company's non-independent directors if Indemnitee is a non-independent director; or (iii) of the Company's officers if Indemnitee is an officer of the Company. If the Company has D&O Insurance in effect at the time the Company receives from Indemnitee any notice of the commencement of an action, suit or proceeding, the Company shall give prompt notice of the commencement of such action, suit or proceeding to the insurers in accordance with the procedures set forth in the policy. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policy.

(d) Subject to Section 15, in the event of any payment by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect to any insurance policy or any other indemnity agreement covering Indemnitee. Indemnitee shall execute all papers required and take all reasonable action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights in accordance with the terms of such insurance policy. The Company shall pay or reimburse all expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

(e) Subject to Section 15, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (including, without limitation, judgments, fines and amounts paid in settlement) if and to the extent that Indemnitee has otherwise actually received such payment under this Agreement or any insurance policy, contract, agreement or otherwise (and, for the avoidance of doubt, in no event shall Indemnitee receive any "double recovery" and if Indemnitee shall, notwithstanding the terms set forth herein, receive a "double recovery," Indemnitee shall be required to promptly return to the Company or any designee thereof following a written

request therefor any portion of any amounts paid thereto that represents such "double recovery" as determined in good faith by the Company).

Section 5. Certain Definitions. For purposes of this Agreement, the following definitions shall apply:

(a) The term "**action, suit or proceeding**" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed claim, counterclaim, cross claim, action, suit, arbitration, alternative dispute mechanism or proceeding, whether civil, criminal, administrative or investigative.

(b) The term "**Board of Directors**" means the Board of Directors of the Company. When the term is used regarding authorization, consent, determination, or similar terms of the Board of Directors in connection with an Indemnitee that is also a director, such term shall be interpreted to mean the directors of the Company who are not and were not a party to any claim in respect of which indemnification is sought by Indemnitee.

(c) The term "**by reason of the fact that Indemnitee is or was or has agreed to serve as a director or officer of the Company, or while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise**" shall be broadly construed and shall include, without limitation, any actual or alleged act or omission to act by Indemnitee in any of the foregoing capacities or by virtue of Indemnitee's status as such.

(d) The term "**expenses**" shall be broadly construed and shall include, without limitation, all direct and indirect reasonable costs of any type or nature whatsoever (including, without limitation, all reasonable attorneys' fees, costs and expenses and related disbursements, appeal bonds, other out-of-pocket costs, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties and reasonable compensation for time spent by Indemnitee for which Indemnitee is not otherwise compensated by the Company or any third party), actually and reasonably incurred by Indemnitee in connection with either the investigation, defense or appeal of an action, suit or proceeding or establishing or enforcing a right to indemnification under this Agreement or otherwise incurred in connection with a claim that is indemnifiable hereunder.

(e) The term “**independent legal counsel**” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (A) the Company or Indemnitee in any matter material to either such party or (B) any other party to the action, suit or proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “independent legal counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(f) The term “**judgments, fines and amounts paid in settlement**” shall be broadly construed and shall include, without limitation, all direct and indirect payments of any type or nature whatsoever, as well as any penalties or excise taxes assessed on a person with respect to an employee benefit plan, provided, however, that Company shall not be required to make any payment which leaves Indemnitee in a better position than the Indemnitee was in before the action, suit, or proceeding.

Section 6. Limitation on Indemnification. Notwithstanding any provision of this Agreement to the contrary, the Company shall not be obligated pursuant to this Agreement:

(a) Proceedings Initiated by Indemnitee. To indemnify or advance expenses to Indemnitee with respect to an action, suit or proceeding (or part thereof) initiated by or on behalf of Indemnitee unless (i) such indemnification or advancement is expressly required to be made by law, (ii) such action, suit or proceeding (or part thereof) was authorized or consented to in writing by the Board of Directors or (iii) with respect to an advancement of expenses, such action, suit or proceeding is brought to establish or enforce a right to indemnification or advancement of expenses under this Agreement, the Company’s certificate of incorporation, the Company’s bylaws or any other statute or law in advance of a final determination or, in the case of indemnification, such indemnification is required by the last sentence of Section 3(d).

(b) Section 16(b) and Clawback Matters. To indemnify Indemnitee for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities and Exchange Act of 1934, as amended (the “**Exchange Act**”), or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “**Sarbanes-Oxley Act**”), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to (A) any compensation

recoupment or clawback policy adopted by the Board of Directors or the Compensation (or other) Committee of the Board of Directors (including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act) or (B) any contractual or other arrangement entered into or binding on Indemnitee that contemplates recoupment or clawback or similar obligations.

(c) Prohibited by Law or Public Policy. To indemnify or advance expenses to Indemnitee in any circumstance where such indemnification has been determined to be prohibited by law by a final (not interlocutory) judgment or other adjudication of a court or arbitration or administrative body of competent jurisdiction as to which there is no further right or option of appeal or the time within which an appeal must be filed has expired without such filing.

Section 7. Change in Control.

(a) The Company agrees that if there is a change in control of the Company, then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnification and advancement of expenses under this Agreement, any other agreement or the Company's certificate of incorporation or bylaws now or hereafter in effect, the Company shall seek legal advice only from independent legal counsel. In addition, upon written request by Indemnitee for indemnification pursuant to Section 1 or Section 3(a), a determination, if required by the NYBCL, with respect to Indemnitee's entitlement thereto shall be made by such independent legal counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee. The Company agrees to pay the reasonable fees of the independent legal counsel referred to above and to indemnify fully such independent legal counsel against any and all expenses (including attorneys' fees, costs and expenses), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(b) For purposes of this Section 7, the following definitions shall apply:

(i) A "**change in control**" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following: (A) any person or group, within the meaning of Section 13(d)(3) of the Exchange Act, obtains ownership, directly or indirectly, of (x) more than 50% of the total voting power of the outstanding capital stock of the Company or applicable successor entity (including any securities convertible into, or exercisable or exchangeable for such capital stock) or (y) all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis; (B) during any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board of Directors, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 7(b)(i)(A), 7(b)(i)(C) or 7(b)(i)(D) or a director whose initial nomination for, or assumption of office as, a member of the Board of Directors occurs as a result of an actual or threatened solicitation of proxies or consents for election or removal of one or more directors by any person or group other than a solicitation for the

election of one or more directors by or on behalf of the Board of Directors) whose election to the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board of Directors; (C) the effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity; and (D) the approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets. For purposes of this Section 7(b)(i), only, "**person**" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; *provided, however*, that "person" shall exclude (a) the Company, (b) any trustee or other fiduciary holding securities under an employee benefit plan of the Company and (c) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(ii) The term "**Subsidiary**" means, with respect to the Company (or an applicable successor entity), any corporation, partnership, limited liability company, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing persons or bodies thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more of the other Subsidiaries of the Company or a combination thereof, or (ii) if a partnership, limited liability company, association or other business entity, a majority of the partnership, limited liability company or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more of the other Subsidiaries of the Company or a combination thereof. For purposes hereof, the Company or its applicable Subsidiary shall be deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if the Company or such applicable Subsidiary shall be allocated a majority of partnership, limited liability company, association or other business entity gains or losses or shall be or control the managing director, managing member, manager or general partner of such partnership, limited liability company, association or other business entity.

Section 8. Certain Settlement Provisions. Notwithstanding anything to the contrary set forth herein, the Company shall have no obligation to indemnify Indemnitee

under this Agreement for any amounts paid in settlement of any action, suit or proceeding without the Company's prior written consent. The Company shall not, without Indemnitee's prior written consent, settle any action, suit or proceeding in any manner that would attribute to Indemnitee any admission of civil or criminal liability or that would result in the imposition of any fine or penalty or other obligation or restriction on Indemnitee unless such fine, penalty or obligation is satisfied by the Company in accordance with the terms set forth herein. Neither the Company nor Indemnitee will unreasonably withhold, condition or delay his, her or its consent to any proposed settlement.

Section 9. Savings Clause. If any provision or provisions (or portion thereof) of this Agreement shall be invalidated or held to be unenforceable on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee if Indemnitee was or is a party to, is threatened to be made a party to, or is otherwise involved in, as a witness or otherwise, any threatened, pending or completed action, suit or proceeding (brought in the right of the Company or otherwise), whether civil, criminal, administrative or investigative and whether formal or informal, including any and all appeals, by reason of the fact that Indemnitee is or was or has agreed to serve as a director or officer of the Company, or while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of any action alleged to have been taken or omitted by Indemnitee in any such capacity, from and against all Losses suffered by, or incurred by or on behalf of, Indemnitee in connection with such action, suit or proceeding, including any appeals, to the fullest extent permitted by any applicable portion of this Agreement that shall not have been invalidated or held to be unenforceable.

Section 10. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for herein is held by a court of competent jurisdiction to be unavailable to Indemnitee in whole or in part, it is agreed that, in such event, the Company shall, to the fullest extent permitted by law, contribute to the payment of all Losses suffered by, or incurred by or on behalf of, Indemnitee in connection with any action, suit or proceeding, including any appeals, in an amount that is just and equitable in the circumstances in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such actions, suit or proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s); *provided* that, without limiting the generality of the foregoing, such contribution shall not be required where such holding by the court is due to any limitation on indemnification set forth in this Agreement, including Section 4(e), Section 6 or Section 8.

Section 11. Form and Delivery of Communications. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand, upon receipt by the party to whom said notice or other communication shall have been directed, (b) mailed by certified

or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier, one day after deposit with such courier and with written verification of receipt, or (d) sent by email (provided no "bounceback" or similar message indicating non-delivery). Notice to the Company shall be directed to Executive Vice President, General Counsel and Secretary, email: michael.krawitz@conduent.com. Notice to Indemnitee shall be directed to ____, email: __@____.com.

Section 12. Nonexclusivity. The provisions for indemnification to or the advancement of expenses and costs to Indemnitee under this Agreement shall not limit or restrict in any way the power of the Company to indemnify or advance expenses to Indemnitee in any other way permitted by law or be deemed exclusive of, or invalidate, any right to which any indemnitee seeking indemnification or advancement of expenses may be entitled under any law, the Company's certificate of incorporation or bylaws, other agreements or arrangements, vote of stockholders or disinterested directors or otherwise, both as to action in Indemnitee's capacity as an officer, director, employee or agent of the Company and as to action in any other capacity. Indemnitee's rights hereunder shall inure to the benefit of the heirs, executors and administrators of Indemnitee.

Section 13. Defenses. In (i) any action, suit or proceeding brought by Indemnitee to enforce a right to indemnification hereunder (but not in an action, suit or proceeding brought by Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any action, suit or proceeding brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking by Indemnitee pursuant to Section 2, the Company shall be entitled to recover such expenses upon a final adjudication that, Indemnitee has not met any applicable standard for indemnification set forth in this Agreement or the NYBCL. Neither the failure of the Company (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or the Company's shareholders) to have made a determination prior to the commencement of such suit that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct set forth in this Agreement or the NYBCL, nor an actual determination by the Company (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or the Company's stockholders) that Indemnitee has not met such applicable standard of conduct, shall create a presumption that Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by Indemnitee, be a defense to such suit.

Section 14. No Construction as Employment Agreement. Nothing contained herein shall be construed as giving Indemnitee any right to be retained as a director or officer of the Company or in the employ of the Company or any other entity. For the avoidance of doubt, the indemnification and advancement of expenses provided under this Agreement shall continue as to Indemnitee even though he or she may have ceased to be a director, officer, employee or agent of the Company or ceased to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another

corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 15. Jointly Indemnifiable Claims.

(a) Given that certain jointly indemnifiable claims may arise due to the service of Indemnitee as a director and/or officer of the Company at the request of Indemnitee-related entities (as defined below), the Company acknowledges and agrees that the Company shall be fully and primarily responsible for payments to Indemnitee in respect of indemnification or advancement of expenses in connection with any such jointly indemnifiable claims pursuant to and in accordance with the terms of this Agreement, irrespective of any right of recovery Indemnitee may have from Indemnitee-related entities. Under no circumstance shall the Company be entitled to any right of subrogation or contribution by Indemnitee-related entities, and no right of advancement or recovery Indemnitee may have from Indemnitee-related entities shall reduce or otherwise alter the rights of Indemnitee or the obligations of the Company hereunder (but, without limiting the rights of any Indemnitee-related entity hereunder, Indemnitee shall in no event receive a “double recovery” in respect of any matter subject to indemnification or payment or reimbursement of expenses hereunder). In the event that any Indemnitee-related entity shall make any payment to Indemnitee in respect of indemnification or advancement of expenses with respect to any jointly indemnifiable claim, the Indemnitee-related entity making such payment shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee against the Company, and Indemnitee shall execute all papers reasonably required and shall do all things that may be reasonably necessary to secure such rights, including the execution of such documents as may be necessary to enable Indemnitee-related entities effectively to bring suit to enforce such rights. The Company and Indemnitee agree that each Indemnitee-related entity shall be a third-party beneficiary with respect to this Section 15(a) and entitled to enforce this Section 15(a) as though each such Indemnitee-related entity were a party to this Agreement.

(b) For purposes of this Section 15, the following terms shall have the following meanings:

(i) The term “**Indemnitee-related entities**” means any corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise (other than the Company or any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise Indemnitee has agreed, on behalf of the Company or at the Company’s request, to serve as a director, officer, employee or agent and which service is covered by the indemnity described in this Agreement) from whom an Indemnitee may be entitled to indemnification or advancement of expenses with respect to which, in whole or in part, the Company may also have an indemnification or advancement obligation (other than as a result of obligations under an insurance policy).

(ii) The term “**jointly indemnifiable claims**” shall be broadly construed and shall include, without limitation, any action, suit or proceeding for which

Indemnitee shall be entitled to indemnification or advancement of expenses from both the Company and any Indemnitee-related entity pursuant to the NYBCL, any agreement or the certificate of incorporation, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or comparable organizational documents of the Company or Indemnitee-related entities, as applicable.

Section 16. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of any losses in respect of a claim related to any event that is indemnifiable under this Agreement but not for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 17. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide, in each instance, indemnification and advancement of expenses to Indemnitee to the fullest extent permitted by the NYBCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the fullest extent permitted by law). Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”, whether or not they are in fact followed by those words or words of like import.

Section 18. Entire Agreement. This Agreement and the documents expressly referred to herein (including, without limitation, the Company’s certificate of incorporation and bylaws) constitute the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior or contemporaneous oral or written understandings or agreements with respect to the matters covered hereby are expressly superseded by this Agreement.

Section 19. Modification and Waiver. No supplement, modification, waiver or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver. For the avoidance of doubt, (a) this Agreement may not be modified or terminated by the Company without Indemnitee’s prior written consent; (b) no amendment, alteration or interpretation of the Company’s certification of incorporation or bylaws or any other agreement or arrangement shall limit or otherwise adversely affect the rights provided to Indemnitee under this Agreement and (c) a right to indemnification or to advancement of expenses arising under a provision of the Company’s certification of incorporation or bylaws or this Agreement shall not be eliminated or impaired by an amendment to such provision after the occurrence of the act or omission that is the subject of the action, suit or proceeding for which indemnification or advancement of expenses is sought.

Section 20. Successor and Assigns. All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable

by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 21. Service of Process and Venue. The Company and the Indemnitee hereby irrevocably and unconditionally (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought in New York State Supreme Court located in New York County in the State of New York or, if such court lacks jurisdiction, the United States District Court for the Southern District of New York (or if such state and federal courts lack jurisdiction, in any other state or federal court located in the State of New York) or any appellate court thereof (any such court, a "**Chosen Court**"), (b) consent to submit to the exclusive jurisdiction of the Chosen Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (c) appoint, to the extent such party is not otherwise subject to service of process in the State of New York, Corporation Service Company, as its agent in the State of New York for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon the Company personally within the State of New York, (d) waive any objection to the laying of venue of any such action or proceeding in the Chosen Court and (e) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Chosen Court has been brought in an improper or inconvenient forum.

Section 22. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws thereof. If, notwithstanding the foregoing, a court of competent jurisdiction shall make a final determination that the provisions of the law of any state other than New York govern indemnification by the Company of Indemnitee, then the indemnification provided under this Agreement shall in all instances be enforceable to the fullest extent permitted under such law, notwithstanding any provision of this Agreement to the contrary.

Section 23. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument, notwithstanding that both parties are not signatories to the original or same counterpart.

Section 24. Headings and Section References. The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Section references are to this Agreement unless otherwise specified.

[Signature Page Follows]

This Indemnification Agreement has been duly executed and delivered to be effective as of the date first written above.

CONDUENT INCORPORATED

By:___
Title:

INDEMNITEE:

Name:

[Signature Page to Indemnification Agreement]

CEO CERTIFICATIONS

I, Clifford Skelton, certify that:

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

November 1, 2023

/s/ CLIFFORD SKELTON

Clifford Skelton
Principal Executive Officer

CFO CERTIFICATIONS

I, Stephen Wood, certify that:

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

November 1, 2023

/s/ STEPHEN WOOD

Stephen Wood
Principal Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of Conduent Incorporated, a New York corporation (the "Company"), for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Clifford Skelton, Chief Executive Officer of the Company, and Stephen Wood, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CLIFFORD SKELTON

Clifford Skelton
Chief Executive Officer
November 1, 2023

/s/ STEPHEN WOOD

Stephen Wood
Chief Financial Officer
November 1, 2023

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

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