Welcome & Analyst Day

Overview

Alan Katz, Investor Relations
Forward-Looking Statements

This presentation contains “forward-looking statements” that involve risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts, but rather are based on current expectations, estimates, assumptions and projections about the business process outsourcing industry and our business and financial results. Forward-looking statements often include words such as “anticipates,” “estimates,” “expects,” “projects,” “intends,” “plans,” “believes” and words and terms of similar substance in connection with discussions of future operating or financial performance. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statement made by us or on our behalf. Important factors that could cause our actual results to differ materially from those in our forward-looking statements include, but are not limited to:

- termination rights contained in our government contracts;
- our ability to renew commercial and government contracts awarded through competitive bidding processes;
- our ability to recover capital and other investments in connection with our contracts;
- our ability to attract and retain necessary technical personnel and qualified subcontractors;
- our ability to deliver on our contractual obligations properly and on time;
- competitive pressures;
- our significant indebtedness;
- changes in interest in outsourced business process services;
- our ability to obtain adequate pricing for our services and to improve our cost structure;
- claims of infringement of third-party intellectual property rights;
- the failure to comply with laws relating to individually identifiable information, and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions;
- our ability to collect our receivables for unbilled services;
- breaches of our security systems and service interruptions;
- our ability to estimate the scope of work or the costs of performance in our contracts;
- a decline in revenues from or a loss or failure of significant clients;
- our failure to maintain a satisfactory credit rating;
- our ability to attract and retain key employees;
- increases in the cost of telephone and data services or significant interruptions in such services;
- fluctuations in our non-recurring revenue;
- our failure to develop new service offerings;
- our ability to receive dividends or other payments from our subsidiaries;
- changes in tax and other laws and regulations;
- changes in government regulation and economic, strategic, political and social conditions;
- any reference to “Signed Divestitures” which subject to customary closing conditions;
- changes in U.S. GAAP or other applicable accounting policies; and
- other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of our Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. Any forward-looking statements made by us in this presentation speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward looking statements, whether as a result of new information, subsequent events or otherwise.
Non-GAAP Disclosure & Other Items

Non-GAAP Disclosure

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

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

Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions, and providing such non-GAAP financial measures to investors allows for a further level of transparency as to how management reviews and evaluates our business results and trends. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on these non-GAAP measures. Non-GAAP measures are footnoted, where applicable, in each slide.

Signed Divestiture Disclosure

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

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

Ashok Vemuri, Chief Executive Officer
Expertise
DIGITAL Operations
REINVENT Members
Governments & Agencies
Value
CITIZENS
CLIENTS
EMPLOYEES
OPERATIONS
500 Essential
Front-Office
Secure Fortune
At-Scale
Personalized Interactions
Partner
Seamless Interactions
Secure At-Scale
PATIENTS
INTERACTIONS
Our Company

- Deep Domain & Process Capabilities
- Marquee Clients
- Essential Partner Across Multiple Value Chains
- Recognized Industry Leader in our Core services
Deep Domain & Process Capabilities
We are world's largest provider of diversified business services with leading digital platform capabilities

Digital Platform Portfolio

13 Business areas
24 Platform Groups
81 Platforms

Software  Products  Platforms
Marquee Clients

20 of Top 20
U.S. Health Insurers
9 of Top 10
Pharmaceutical Companies
4 of Top 5
Life Insurers
40% Of U.S. Hospitals
6 of Top 10
Automakers
4 of Top 5
Aerospace Firms
50 All 50 States
7 of Top 10
U.S. Banks

2018 – 2020 Addressable Market Growth

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>Public</th>
<th>Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0% - 5.5%</td>
<td>4.0% - 4.5%</td>
<td>5.5% - 6.0%</td>
<td></td>
</tr>
</tbody>
</table>

1Q Signings Performance

<table>
<thead>
<tr>
<th></th>
<th>Total Contract Value (TCV) Signings</th>
<th>Renewal Rate</th>
<th>New Business TCV</th>
<th>Rolling 12-Month Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,428M</td>
<td>94%</td>
<td>$406M</td>
<td>~$12B</td>
</tr>
</tbody>
</table>

(1) Source: Frost & Sullivan, EY, Nelson-Hall, Gartner, Mercator Consulting, and Conduent Corporate Strategy
Essential Partner Across Multiple Value Chains

- **Healthcare**: 70% of insured patient in the U.S.
- **Transportation**: 46% U.S. market share in Tolling and 44% in Parking
- **Multi-Channel Services**: 1/3 of all U.S. insured touched by our communications
- **Government Payments**: Payment processor for: 43% of U.S. child support and 55% SNAP payments
- **Worker’s Compensation**: Bill Review for 50% of Workers Comp claims
- **Human Resource Services**: 11+ million employees and participants supported
Recognized Industry Leader

Industry Analyst Accolades

**Best-in-Class BPaaS Solutions**
- HfS Research, NelsonHall, Black Book Research

**Top Provider for Workers Comp**
- NelsonHall, Everest Group

**Proven Leader in HRS Support**
- NelsonHall, Everest Group, HfS Research

---

**Everest Top 10 BPS Providers**
May 29, 2018

1. ADP
2. Teleperformance
3. Accenture
4. **Conduent**
5. Paychex
6. Concentrix
7. DXC Technology
8. Xerox
9. Arvato Bertelsmann
10. Genpact
Our Progress

Re-invention

$1B in Expected Divestitures

Achieved Pre-Spin Goals
Re-inventing our Company

Where we started

- Underperforming
- Siloed Business Units
- Unfocused Portfolio
- Disparate Culture
- Inefficient Operations
- One-Off Solutions

Where we’re going

- Market Leading Performance
- A Single, Unified Company and Brand
- Clear Business Strategy
- Consistent Culture
- Business Intelligence and Modern Work Tools
- Technology-Led / Platform-Based Solutions and Services
Aggressive Transformation

50
Brands Consolidated

1,400
Accounts Exited

17%
Increase in Sales Headcount

Eliminated
+250
Redundant Reporting Systems

Reduced Real Estate Sq. Footage by
~3 million

+$200M
Adj Free Cash Flow FY2017

1) Refer to Appendix for Non-GAAP reconciliations and definitions
Signed Divestitures Year-to-Date

~$390M
FY2017 Revenue

~$600M
Estimated Proceeds

~$65M
Adj EBITDA

~9.2x Adj EBITDA
~1.5x Revenue
Multiples

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

Pre-Spin Objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>2017 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Achieved -- adjusted for strategic actions</td>
</tr>
<tr>
<td>2017 – decline similar to 2016</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>Achieved -- grew +6%</td>
</tr>
<tr>
<td>2017 – greater than 5% growth</td>
<td></td>
</tr>
<tr>
<td>Cost Transformation</td>
<td>Exceeded ~$45M</td>
</tr>
<tr>
<td>2017 ~$430M cumulative savings</td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>Achieved @ high-end ~30%</td>
</tr>
<tr>
<td>2017 20-30% of Adjusted EBITDA</td>
<td></td>
</tr>
<tr>
<td>Shareholder Value Created</td>
<td>Over $1 Billion in market cap(^1) growth</td>
</tr>
</tbody>
</table>

Note: See Appendix for Non-GAAP definitions and reconciliations for Revenue, Adjusted EBITDA and Adjusted Free Cash Flow

\(^1\) Based on total market capitalization based on stock prices comparing 1/3/2017 to 6/6/2018
Pivoting to Technology

Mission

World-View

Industry Evolution
Conduent Mission
Transforming The Way
Our Clients Operate
Our Aspiration

*Become the leading business services partner for companies and governments worldwide*

- Achieve Industry-Leading Performance
- Be the Most Trusted Partner to our Clients
- Be an Employer of Choice
- Build a Differentiated Brand

Our Core Values

- Client-Centricity
- Commitment to Excellence
- Trust
- Speed and Agility
- Open and Collaborative
- Courage
As Digital *Interactions* Become The Norm, Our Clients Are Facing Three Realities

1. Individualized
2. Immediate
3. Intelligent
As Digital *Interactions* Become The Norm, Our Clients Are Facing Three Realities

1. Individualized – End-User Setting Standards
2. Immediate – Value-Chains are Integrating
3. Intelligent – Knowledge/Insights > Data
## Evolution of the Business Services Market

<table>
<thead>
<tr>
<th>Facet</th>
<th>Legacy</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis of Competition</td>
<td>Cost, Efficiency</td>
<td>Change Operating Model</td>
</tr>
<tr>
<td>Operating Model</td>
<td>Rigid, Client Determined</td>
<td>Flexible, Digital, Scalable</td>
</tr>
<tr>
<td>End-user Outcomes</td>
<td>Generic</td>
<td>Tailored, Personalized</td>
</tr>
<tr>
<td>Value: Focus</td>
<td>One Way (Client)</td>
<td>Two Way (Client, End-user)</td>
</tr>
<tr>
<td>Value Levers</td>
<td>Labor, Automation</td>
<td>Experience, Blockchain, Cognitive</td>
</tr>
<tr>
<td>Outcomes</td>
<td>Service Level Agreements</td>
<td>Experience Level Agreements</td>
</tr>
</tbody>
</table>
Building a Business for the Future

Digital Interactions  Platform Based
Technology Driven  Global Delivery Potential
A Digital Interactions Company

Our Clients

Technology Platforms Delivering Essential Services

Interactions at Massive Scale

The People we are Serving
Digital Platform Architecture

Intake

Delivery

Engagement

Compliance & Reporting

Client Outcomes

Intelligence & Analytics

Ecosystem of Partners & Collaborators

Clients

End-Users
Conduent Solutions & Offering Set

Blitzdocs
BenefitWallet
Life @work
Health@work
MANAGER

MIDAS
MERGE
OMNIX
DriveSafe
VECTOR
CONDUENT

Strataware
Flex RX
E-Tims
LOAN

ATLAS
EPIC
DART
Kidstar

MIDAS
Viewpoint

MIDAS
Viewpoint

CitySight
RightOpt

E-Tims
LOAN

MIDAS
Viewpoint

CitySight
RightOpt

E-Tims
LOAN

MIDAS
Viewpoint

CitySight
RightOpt

E-Tims
LOAN

MIDAS
Viewpoint

CitySight
RightOpt

E-Tims
LOAN

MIDAS
Viewpoint

CitySight
RightOpt

E-Tims
LOAN

MIDAS
Viewpoint

CitySight
RightOpt

E-Tims
LOAN

MIDAS
Viewpoint
Technology: Our Foundation and Future

Conduent Technology Innovation Practice Areas

Blockchain
Mobile
Automation
IoT
Cognitive
Global Delivery Potential

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

Delivery Hubs
• Philippines
• India
• Jamaica
• Guatemala
• Romania

Innovation Hubs
• Raleigh / Bangalore / Hyderabad

Accu-Shoring Model
• Maximize talent sourcing
• “Follow-the-sun” operating model
Pivoting to Growth

- Modernize the Base
- Organic Growth
- Value Chain Integrator
- Inorganic & Partnerships
- Unit Specific Opportunities
Pivoting to Growth

- Modernize the Base
- Organic Growth
- Value Chain Integrator
- Inorganic & Partnerships
- Unit Specific Opportunities
Digital Platform Modernization Investment
~$200M over Three Years

Expected Investment By Sector

- Public: 33%
- FS&H: 43%
- C&I: 24%

Expected Investment By Platform Group

- Healthcare Services: 18%
- Transportation Services: 21%
- Payments Services: 21%
- Human Resource Services: 24%
- Other Cross-Industry Services: 16%

Digital Platform Modernization Investment ~$200M over Three Years

Expected Investment By Sector

- Public: 33%
- FS&H: 43%
- C&I: 24%

Expected Investment By Platform Group

- Healthcare Services: 18%
- Transportation Services: 21%
- Payments Services: 21%
- Human Resource Services: 24%
- Other Cross-Industry Services: 16%
Conduent Tolling Solution

Existing

- Individualized
- Business Tier
  - Reporting & Business Intelligence
  - Video Toll Processing
  - Inventory Management
  - Interoperability
  - Case Management
  - Financial Processing
  - Customer Account Management
  - Transaction Processing

Post-Modernization

- Customize Multiple Channels
- Social Media
- Voice
- SMS
- App Chats
- Platform Design
  - Video Toll Processing
  - Transaction Processing
  - All Back Office Processes
  - Case Management
  - Machine Learning

Intelligent

- Knowledge & Insights
Healthcare Value Chain: Conduent Participation

- Wellness
- Prevention
- Illness
- Recovery
- Maintenance
- Research & Development
- Administration
- Funding

Conduent Healthcare Offerings

- Reduce Cost of Care
- Improve Outcomes
- Enhance Customer Experiences

Relative Offering Strength
## Inorganic & Partnerships

<table>
<thead>
<tr>
<th>Focus Areas</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Capabilities</td>
<td>• Digitalization</td>
</tr>
<tr>
<td></td>
<td>• Social Media, Mobility, Analytics &amp; Cloud</td>
</tr>
<tr>
<td></td>
<td>• Omni-channel</td>
</tr>
<tr>
<td>Emerging Technology</td>
<td>• Block Chain</td>
</tr>
<tr>
<td></td>
<td>• Automation</td>
</tr>
<tr>
<td></td>
<td>• AI and Analytics</td>
</tr>
<tr>
<td>Right to Play</td>
<td>• Vehicles</td>
</tr>
<tr>
<td></td>
<td>• PAAS, Channels</td>
</tr>
<tr>
<td></td>
<td>• Policy and Regulation</td>
</tr>
<tr>
<td>Scale &amp; Geography</td>
<td>• Human Resource Services</td>
</tr>
<tr>
<td></td>
<td>• Europe</td>
</tr>
</tbody>
</table>
“After examining the options in the market, we chose Conduent due to their proven ability to bring strategic value to [our company]. They thoroughly understand our business and culture at every level and tailor solutions to us. We use the ‘P’ word with Conduent – they are our PARTNER, not our vendor.”

Senior Executive at a Global Security and Aeronautics Company

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

Tom Pennington, Director of Electronic Payment Systems, Oklahoma Department of Human Services
Consumer & Industrials Sector

Christine Landry, Group Chief Executive
Commercial Overview

Clients and Constituents

- Banking & Capital Markets
- Healthcare & Insurance
- Provider
- Pharma
- Automotive, Aerospace & Defense
- Media, Entertainment and Telecom
- Technology
- Energy & Utilities
- Manufacturing
- Retail, Travel & Logistics

Offerings

- Human Resources
- Learning
- Omni Channel Experience
- Digital Processing
- Industry Specific
- Workers Comp
- Digital Payments
- Legal & Compliance
- Finance, Accounting & Procurement

Who We Serve

- Consumers
- Employees
- Members, Patients & Clinicians
- Commuters
Financials for Commercial Business

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue ($ in M)</th>
<th>Segment Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 '17</td>
<td>$869M</td>
<td>2.9%</td>
</tr>
<tr>
<td>Q2 '17</td>
<td>$834M</td>
<td>3.7%</td>
</tr>
<tr>
<td>Q3 '17</td>
<td>$823M</td>
<td>6.0%</td>
</tr>
<tr>
<td>Q4 '17</td>
<td>$856M</td>
<td>8.3%</td>
</tr>
<tr>
<td>Q1 '18</td>
<td>$854M</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

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

Adjusted FY2017 Commercial Revenue (% of segment total)
(*Non-core revenue includes signed and to-be-signed divestitures)
Commercial – C&I

Clients and Constituents

Who We Serve

Offerings
Financials for C&I Business

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

- Technology 30%
- Media, Entertainment & Telecom 16%
- Retail, Travel & Logistics 16%
- Manufacturing 12%
- Energy & Utilities 5%
- Auto, Aero & Defense 21%

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

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

- Omni-Channel Comms. 43%
- HRS 32%
- Other 3%
- Digital Processing 3%
- Learning & Legal 8%
- F&A 11%
Client-Centric Focus Across Industries Delivers Value and Improves Outcomes

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

<table>
<thead>
<tr>
<th>Service</th>
<th>Key Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Rewards Portal</td>
<td>Increase employee engagement in total rewards program 98%</td>
</tr>
<tr>
<td></td>
<td>Employees actively participated in the annual enrollment process</td>
</tr>
<tr>
<td>BenefitWallet Consumer Driven</td>
<td>Reduce costs, increase wellbeing 95%+ Participation in HSAs</td>
</tr>
<tr>
<td>Health Care</td>
<td></td>
</tr>
<tr>
<td>RightOpt Private Exchange</td>
<td>Decision support tools that simplify administration and enrollment 11%</td>
</tr>
<tr>
<td></td>
<td>Reduction in total claims cost</td>
</tr>
<tr>
<td>AP Processing</td>
<td>Transformed to Deliver 92% Improvement in processing productivity</td>
</tr>
<tr>
<td>Virtual Learning</td>
<td>Migrate to eLearning platform 60% Reduction in design and development duration</td>
</tr>
<tr>
<td>Intelligent Automation</td>
<td>Leveraging automation and bots 50%+ Reduction in human errors</td>
</tr>
</tbody>
</table>
C&I Market Opportunity Set

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Telecom, Media &amp; Entertainment</th>
<th>Automotive/Aerospace/Defense</th>
<th>Energy/Utilities</th>
<th>Technology</th>
<th>Retail/Travel/Logistics</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>~$200M of Revenue</td>
<td>~$270M of Revenue</td>
<td>~$60M of Revenue</td>
<td>~$390M of Revenue</td>
<td>~$200M of Revenue</td>
<td>~$160M of Revenue</td>
</tr>
<tr>
<td>2019</td>
<td>~$200M of Revenue</td>
<td>~$270M of Revenue</td>
<td>~$60M of Revenue</td>
<td>~$390M of Revenue</td>
<td>~$200M of Revenue</td>
<td>~$160M of Revenue</td>
</tr>
<tr>
<td>2020</td>
<td>~$200M of Revenue</td>
<td>~$270M of Revenue</td>
<td>~$60M of Revenue</td>
<td>~$390M of Revenue</td>
<td>~$200M of Revenue</td>
<td>~$160M of Revenue</td>
</tr>
</tbody>
</table>

Client Imperatives:
- Content monetization and immediate delivery (5G, OnDemand); compliance in fluid regulatory environment
- Mobility-as-a-service; efficiency on global scale; integration across ecosystem with smart processes and devices
- Price and cost pressure; focus on automation and efficiency; smart grid - new energy sources and distribution networks
- Gig economy, changing recruiting market; high employee attract/retain cost; Omni-channel personalization
- Hyper-personalization, 24/7 immediacy; Omni-channel experience reimagined
- Transform operations and service delivery; Need application of intelligent devices, IoT, emerging platforms (i.e., blockchain)

Key Service Offerings:
- Digital Payments
- Digital Processing
- Finance & Accounting Transformation
- Risk & Compliance
- Integrated Employee Engagement
- Omni-Channel Customer Experience

1) Source: NelsonHall
2) Business sector revenue represents approximate FY2017 revenue excluding signed and to-be-signed divestitures
### Art-of-the-Possible: Industry-Specific Offering: Automotive

#### Legacy
- **Transactional**
  - Go to dealership to purchase a vehicle, drive off the lot

#### Today
- **Data-Supported**
  - Formal data transfer and contact permission provided by owner
  - Central customer experience center (CEC) focuses on individual

#### Evolving
- **Predicting Need and Hyper-Personalization**
  - Predictive analytics individualized to owner & vehicle
  - Facilitate seamless, end-to-end digital customer experience

<table>
<thead>
<tr>
<th>Individualized</th>
<th>Immediate</th>
<th>Intelligent</th>
</tr>
</thead>
</table>
| • Owner fully responsible for all general maintenance and no alerts to problems until the problem has occurred | • Proactive outreach to driver for immediate solution | • No intelligent, proactive information
• Static information about the car
• No connection beyond the direct sale |
| • Central customer experience center (CEC) always seen by CEC | • Telematics activation information alert reaches CEC before reaching driver | • Geolocation “sees” where vehicle is
• System will provide driving law information, suggestions for parking, etc.
• Arrange for support/service seamlessly when critical issues are identified |
Commercial – C&I

Clients and Constituents

- Banking & Capital Markets
- Healthcare & Insurance
- Provider
- Pharma
- Automotive, Aerospace & Defense
- Media, Entertainment and Telecom
- Technology
- Energy & Utilities
- Manufacturing
- Retail, Travel & Logistics

Who We Serve

- Consumers
- Employees
- Members, Patients & Clinicians
- Commuters

Offerings

- Human Resources
- Learning
- Omni Channel Experience
- Digital Processing
- Industry Specific
- Workers Comp
- Digital Payments
- Legal & Compliance
- Finance, Accounting & Procurement
Omni-Channel and Digital Experience

Key Market Trends:

Digital Customer Experience Management

Manage customer lifecycle across channels to monetize touchpoints, improve loyalty, increase satisfaction

Sectors
Client Imperatives
Our solutions that make us well positioned

Solution
Description
Benefit

Digital Processing Platform (Conduent Automation Suite)
Data-driven, intelligent approach complete critical processes throughout all phases of the lifecycle using automation and analytics
• Enables our partners to transform to a personalized digital experience
• Provides a consistent, reliable platform with the agility to keep up with evolving consumer expectations
## Conduent Interactive Solutions

<table>
<thead>
<tr>
<th><strong>Legacy</strong></th>
<th><strong>Today</strong></th>
<th><strong>Evolving</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>One-to-One Interaction</strong></td>
<td><strong>Automation-Enabled Interactions</strong></td>
<td><strong>Predictive, Individualized Experiences</strong></td>
</tr>
<tr>
<td><strong>Individualized</strong></td>
<td><strong>Predictive analytics proactively help pre-empt issues</strong></td>
<td><strong>Enhanced tools and user experience through AI, machine learning for real-time assistance</strong></td>
</tr>
<tr>
<td><strong>Immediate</strong></td>
<td><strong>Enhanced AI and machine learning for individualized responses</strong></td>
<td><strong>Apply data analytics to deflect chat interactions to self-service and fully automated Chatbot service</strong></td>
</tr>
<tr>
<td><strong>Intelligent</strong></td>
<td><strong>Limited information and analysis</strong></td>
<td><strong>Detects and suggests key repeating strings to respond to customers</strong></td>
</tr>
</tbody>
</table>

- **Agent time spent handling routine calls made to a call center**
- **Chatbot plus caller assisted for self-help**
- **Data and analytics to reduce chat time**
- **Cx Agents only**
- **Lacks predictive analysis or behavior**
- **Lacks continuous learning feedback loop**
- **Chat-assist tool**
- **Automated text strings for recurring issues**
- **Significant reduction in average chat time**
- **Limited information and analysis**
- **Detects and suggests key repeating strings to respond to customers**
- **Predictive analytics proactively help pre-empt issues**
- **Enhanced AI and machine learning for individualized responses**
- **Enhanced tools and user experience through AI, machine learning for real-time assistance**
- **Apply data analytics to deflect chat interactions to self-service and fully automated Chatbot service**
Human Resource Services Overview

**Solution** | **Description** | **Benefit**
--- | --- | ---
Life@Work | Integrated total benefits and human resource solution | • Completely personalized experience  
• Helps employees make confident decisions and provides easy access to interactive education and tools
RightOpt | Health exchange alternative: integrated benefit delivery solution with innovative plan design / benefit admin | • Reduces costs and administrative burdens  
• Leverages data and analytics to create a personalized work/life cycle experience
BenefitWallet | Consumer Directed Health (CDH) account solutions | • Data-driven, digital and personalized  
• Drives employee engagement and ROI  
• Promotes higher HSA balances
# Employee Engagement Solutions

<table>
<thead>
<tr>
<th>Legacy</th>
<th>Today</th>
<th>Evolving</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper-based and generic</td>
<td>Self-service and Personalization</td>
<td>End-to-end Engagement Integration, Omni-channel, Predictive</td>
</tr>
</tbody>
</table>

### Individualized
- Present information based on my company and division
- Support dependent on availability of local HR resource
- Only system data is available
  - Data can be displayed

### Immediate
- Present information based on my demographic data
- Self-service functionality so - employees can get information and complete transactions whenever they want
- Explosion of data - 90% of data today has been created over last two years
  - Access to unstructured data created through social and mobile channels
  - Still reporting focused

### Intelligent
- Intuitive and easy use digital experiences.
  - Tailored personal experiences - via web, mobile devices, phone, etc.,
  - Integrated omni-channel experience
- Value from workforce analytics
  - Organization and employee insights from cognitive and predictive analytics
  - Ability to tailor information based on “segment of 1”

---

Present information based on:
- behavioral data
- level of information each user wants or needs
Leader Status Across Service Lines / Industries

Gartner

• Customer Management Contact Center BPO Magic Quadrant, Leader

Everest Group

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

NelsonHall

• Benefits Administration Services NEAT, Overall, Leader
• Next Generation Learning BPS NEAT, Overall, Leader
• Cloud-Based HR Services NEAT, Overall, Leader
• Multi-Process HR Services NEAT, Overall, Leader
• Multi-Process HR Services NEAT, Intelligent Technologies, Leader
• Customer Management Services in Telecom, Leader, 5/17
• CMS Multichannel Overall NEAT, A High Achiever
• CMS Client Experience Improvement Focus NEAT, a Leader
• CMS Self Service Focus NEAT, a Leader
## C&I Growth Approach

<table>
<thead>
<tr>
<th>Growth Parameters</th>
<th>Telecom Media &amp; Entertainment</th>
<th>Auto/Aero/Defense</th>
<th>Technology</th>
<th>Retail/Travel/Logistics</th>
<th>Manufacturing</th>
<th>Energy/Utilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernize our Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic Growth in Existing Segments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand role in Emerging Value Chain</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inorganic Growth / Partnerships</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Content Moderation &amp; Analytics</td>
<td>• Mobility-as-a-Service</td>
<td>• Content Moderation &amp; Analytics</td>
<td>• Content Moderation &amp; Analytics</td>
<td>• IoT Solutions &amp; Legal &amp; Compliance Solutions</td>
<td>• Automation and IoT Solutions &amp; Legal &amp; Compliance Solutions</td>
</tr>
<tr>
<td></td>
<td>• Legal &amp; Compliance</td>
<td>• IoT Solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Modernize our Base**
  - Life@Work 6
  - Digital Processing and Automation
  - Omni-channel customer experience management and engagement
  - Finance, Accounting & Procurement

- **Organic Growth in Existing Segments**
  - Global Integrated Employee Benefits & Engagement
  - Focus on leveraging existing capabilities to drive service line penetration across the business

- **Expand role in Emerging Value Chain**
  - Employer Risk Management: Legal and Compliance Solutions
  - Digital Processing and Automation
  - Revenue Cycle Management

- **Inorganic Growth / Partnerships**
  - Content Moderation & Analytics
  - Legal & Compliance
  - IoT Solutions
  - Micro-Learning Platform
Our Growth Roadmap

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

**Service Mix Today**
- HR Services, Learning, Customer Care, Transaction Processing

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

**Service Mix Tomorrow**
- Workforce Solutions, Learning, Omnichannel CX, Industry Solutions: e.g. Automotive ecosystem blockchain procurement, Telco/Media churn reduction

**Competitors**
- Global, high value, consultative, focused on “C” suite

Create Vertical Industries GTM

Digital Platform Investments: HR Services, Digital Processing

Digital Platforms Implementation and Integration

Digital Platforms Transformation and Leadership
Commercial – FS&H

Clients and Constituents

- Banking & Capital Markets
- Healthcare & Insurance
- Provider
- Pharma
- Automotive, Aerospace & Defense
- Media, Entertainment and Telecom
- Technology
- Energy & Utilities
- Manufacturing
- Retail, Travel & Logistics

Who We Serve

- Consumers
- Employees
- Members, Patients & Clinicians
- Commuters

Offerings

- Human Resources
- Learning
- Omni Channel Experience
- Digital Processing
- Industry Specific
- Workers Comp
- Digital Payments
- Legal & Compliance
- Finance, Accounting & Procurement
Financials for FS&H Business

FY2017 FS&H Revenue By Vertical (% of FS&H total)
- Pharma & Life Science: 9%
- Banking & Capital Markets: 24%
- Healthcare & Insurance: 58%
- Provider: 9%

FY2017 FS&H Revenue By Service Line (% of FS&H total)
- Industry Specific Services: 33%
- Human Resource Services: 24%
- Digital Processing: 15%
- Omni-Channel Comms: 21%
- Learning & Legal: 7%

Note: Business sector revenue represents approximate FY2017 revenue excluding signed and unsigned divestitures.
Focus on Clients and Outcomes

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

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

Incident Reporting
Collect vital information
15-20% Drop in accidents through actionable data

24/7 Nurse Triage
Determine best course of action
40% Reduction in ER visits

Omni-channel
Digital Channel, Analytics & e-Payments
50-75% Postage and Print Cost Savings

Bank Account Opening
Transformed to Deliver
90% Reduction in cycle time and 90%+ reduction in error rate

30B Attorney Decisions
Leveraging analytical models
30%+
Cost savings due to reuse of attorney work product

Virtual Agent
With Artificial Intelligence
Virtual / Personal Assistant
40%+
Call center efficiencies due to avoidance of billing-related calls
FS&H Market Opportunity Set

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

- **Pharma & Life Sciences** ~$120M
- **Healthcare & Insurance** ~$770M
- **Provider** ~$110M
- **Banking & Capital Markets** ~$320M

### Business Sectors\(^{(2)}\)

#### Client Imperatives:
- Emergence of Fintech players offering flexibility, choice and digital experience
- Triple Aim: Improve health outcomes, reduce cost of care, enhance an individual experience of care
- Reduced reimbursements – transition to value-based care
- Value-based arrangements between pharma companies and payers

#### Digital Platforms:
- Consumer Lending
- Medical Cost & Care Management
- Health Outcomes
- Patient Engagement

#### Horizontal Services:
- Digital Payments
- Digital Processing
- Finance Accounting & Procurement
- Risk & Compliance
- Integrated Employee Engagement
- Omni-Channel Customer Experience

---

\(^{(1)}\)Source: NelsonHall

\(^{(2)}\) Business sector revenue represents approximate FY2017 revenue excluding signed and to-be-signed divestitures
How does Conduent help healthcare providers improve their engagement with patients?

**Legacy Reactive Care**
- No true plan of care post hospital stay
- Mostly passive patients

**Today Refocusing on Outcome**
- Reimbursement is changing to incentivize improved health outcomes
- Growing patient involvement

**Evolving Connection of Health and Behavior**
- Individualized wellness and diagnostics focused on health outcomes

**Individualized**
- Manual Medical Records
- Inaccurate data
- Data not readily available

**Immediate**
- Use of info from wearable tech and apps to change behavior
- Providers looking for ways to proactively manage health
- Trend toward greater healthcare consumerism

**Intelligent**
- Reactive treatment for patients
- Re-imbursement for healthcare providers on a Fee-For Service basis
- Risk model for declining health or wellness to allow for prevention/early intervention
- Use of data science to develop best practices based on individual consumption and precision medicine
Consumer Lending
How does Conduent help its customers digitize interactions to maximize efficiencies and insights?

<table>
<thead>
<tr>
<th>Legacy</th>
<th>Individualized</th>
</tr>
</thead>
</table>
| Reactive, Slow, Paper Intensive | • Paper intensive with no digital interaction  
• Product focused not consumer focused  
• No reuse of best practices/technology across lifecycle |

<table>
<thead>
<tr>
<th>Today</th>
<th>Immediate</th>
</tr>
</thead>
</table>
| Focus on Quality/Risk, High Cost to Originate and Service | • Paper reduced with increasing use of data  
• Collections outreach driven by analytics  
• Loans at risk given multiple options to cure |

<table>
<thead>
<tr>
<th>Evolving</th>
<th>Intelligent</th>
</tr>
</thead>
</table>
| Automation and Insights to Reduce Risks and Costs | • Digitize documents and data for complete transparency and proactive insights  
• Engagement at enterprise level, Consumer focused  
• Optimized channel of engagement |

- **Legacy**
  - Completely reactive process
  - Massive paper
  - Green screen systems with poor navigation
  - Extensive time from application to approval

- **Today**
  - Origination process started using technology with limited visibility after application
  - Browser based system providing single view of Loan Servicing and Collections
  - Lenders looking for ways to automate review of data/documents received

- **Evolving**
  - Structured data feeds rules driven review allowing for instant feedback and consistency
  - Interaction anywhere through mobile systems
  - Rules drive proactive presentation of self service options

- **Individualized**
  - Manual reporting
  - No analytics
  - No proactive view of risk

- **Immediate**
  - Tremendous amount of data not collected and/or not analyzed
  - Limited proactive engagement or risk profiling

- **Intelligent**
  - Intelligence through interactions
  - Elimination of stare and compare
  - Analytics enables detection of patterns, proactive sensors, and a deeper understanding of customers’ needs
Commercial – FS&H

Clients and Constituents

- Banking & Capital Markets
- Healthcare & Insurance
- Provider
- Pharma
- Automotive, Aerospace & Defense
- Media, Entertainment and Telecom
- Technology
- Energy & Utilities
- Manufacturing
- Retail, Travel & Logistics

Who We Serve

- Consumers
- Employees
- Members, Patients & Clinicians
- Commuters

Offerings

- Human Resources
- Learning
- Omni Channel Experience
- Digital Processing
- Industry Specific
- Workers Comp
- Digital Payments
- Legal & Compliance
- Finance, Accounting & Procurement
## Legal and Compliance Solutions

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

<table>
<thead>
<tr>
<th>Legacy eDiscovery &amp; Data Hosting</th>
<th>Today Legal &amp; Compliance</th>
<th>Evolving Cognitive Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individualized</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Generic legal case management approach for all users</td>
<td>• Litigation management, Investigations, and compliance assessments are tailored to industry, enterprise or regulatory need</td>
<td>• Compliance offerings that enable client-specific and holistic evaluation and management of risk across the enterprise</td>
</tr>
<tr>
<td>• Single product and information delivery model</td>
<td>• Configurable deployment model delivers information faster and more accurately</td>
<td></td>
</tr>
<tr>
<td><strong>Immediate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Manual processes</td>
<td>• Automated processes and risk alerts enable proactive case preparation and regulatory compliance</td>
<td>• Automated, real-time data monitoring solutions that allow for rapid intervention, yielding improved risk mitigation and regulatory compliance</td>
</tr>
<tr>
<td>• Slow data processing</td>
<td>• Use of AI and machine learning to reduce cycle time in delivery of relevant information and insights</td>
<td></td>
</tr>
<tr>
<td>• Case by case, singular engagements</td>
<td>• Ability to rapidly gather information across virtually any structured or unstructured source</td>
<td></td>
</tr>
<tr>
<td><strong>Intelligent</strong></td>
<td>• Levering AI against aggregated current &amp; historical data to unlock previously undiscoverable information on risk</td>
<td>• Prescriptive recommendations to protect against loss/litigation, as well as guidance to optimize revenue and avoid unnecessary expense</td>
</tr>
<tr>
<td>• Limited insights</td>
<td>• Proactive compliance and reporting</td>
<td></td>
</tr>
<tr>
<td>• Inability to re-use prior work</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Leader Status Across Service Lines / Industries

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

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

**HfS Research**
- HfS Industry Spotlight Blueprint: Banking & Financial Services, Execution Powerhouse, 4/23
- HfS Industry Spotlight Blueprint: Insurance Operations Services, Execution Powerhouse, 5/18

**NelsonHall**
- NelsonHall Benefits Administration Services NEAT, Overall, Leader, 1/31
- NelsonHall Benefits Administration Services NEAT, Health & Wellness Optimization, Leader, 1/31
- NelsonHall Benefits Administration Services NEAT, Financial Wellness, Leader, 1/31
- NelsonHall Next Generation Learning BPS NEAT, Overall, Leader, 5/16
- NelsonHall Next Generation Learning BPS NEAT, Compliance Leader, 5/16
- NelsonHall Next Generation Learning BPS NEAT, Strategic Transformation, Leader, 5/16

**Other**
- Black Book Research: Ranked #1 – 2017 Healthcare Business Process Services
- Black Book Research: Ranked #1 – 2017 Healthcare Outsourcing Solutions
- Black Book Research: Ranked #1 – 2017 Healthcare Transaction Processing & Automation
- Training Industry 2018 Content Development Top 20 Company
FS&H Growth Approach

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

<table>
<thead>
<tr>
<th>Growth Parameters</th>
<th>Banking &amp; Capital Markets</th>
<th>Healthcare &amp; Insurance</th>
<th>Healthcare Provider</th>
<th>Pharma &amp; Life Sciences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernize our Base</td>
<td>• Redesign Consumer Finance (Lending)</td>
<td>• Digital Processing platform</td>
<td>• Midas modernization to Cloud</td>
<td>• Health@ Work Platform</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Workers Compensation</td>
<td></td>
<td>• Inside Sales Platform</td>
</tr>
<tr>
<td>Organic Growth in Existing Segments</td>
<td>• BlitzDocs Quality Checks</td>
<td>• Payment Integrity &amp; Recovery Services</td>
<td>• Health Outcomes</td>
<td>• Reimbursement Hub Services</td>
</tr>
<tr>
<td></td>
<td>• Consumer Finance expansion (Cards)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand role in Emerging Value Chain</td>
<td>• Patient Care Management Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Payment Integration – Healthcare Payments, B2B Payment, Accounting &amp; Financing Solutions</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Multichannel Communication - Composition, Digital e-Payments and Voice based AI Assistant</td>
<td></td>
</tr>
<tr>
<td>Inorganic Growth / Partners</td>
<td>• Loan Servicing</td>
<td>• Claims &amp; Admin Platform (TPA)</td>
<td>• Revenue Cycle Management</td>
<td>• Reimbursement Hub / Data Analytics</td>
</tr>
<tr>
<td></td>
<td>• Mortgage QC/DD Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• AML/KYC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Digital B2C/C2B Payments
Our Growth Roadmap

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Digital Platform Investments</th>
<th>Digital Outcomes Solution Focus</th>
<th>Digital Solutions Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Service Mix Today**
- Customer Care, Transaction Processing, Platform based solutions

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

**Service Mix Tomorrow**
- SaaS, TPA, Omni-Channel Experiences, Digital Processing

**Competitors**
- Global, high value, consultative, focused on “C” suite
Public Sector

Dave Amoriell, President
Sector Overview

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

Clients and Constituents

Who We Serve

Government Agencies

Citizens

Business Units and Offerings

Transportation

Electronic Tolling

Public Transit

Parking

Public Safety

Government

Federal, State & Local

Case Management

Eligibility Management

Claims Processing

Payments

Child Support

Citizen Entitlement Benefits

Gov’t Payments

Card Services

Healthcare

Medical Administration Fiscal Agent

Pharmacy Administration

Care Management & Long Term Care
Public Sector Financial Overview

Quarterly Revenue and Profit (adjusting for ASC 606)\(^{(1)}\)

- **Q1 '17**: $591M, 9.3%
- **Q2 '17**: $581M, 8.8%
- **Q3 '17**: $583M, 9.9%
- **Q4 '17**: $585M, 10.6%
- **Q1 '18**: $558M, 11.6%

<table>
<thead>
<tr>
<th>Segment Profit(^{(1)})</th>
<th>$55M</th>
<th>$51M</th>
<th>$58M</th>
<th>$62M</th>
<th>$65M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Margin(^{(1)})</td>
<td>9.3%</td>
<td>8.8%</td>
<td>9.9%</td>
<td>10.6%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Adj EBITDA(^{(1)})</td>
<td>$85M</td>
<td>$81M</td>
<td>$84M</td>
<td>$84M</td>
<td>$87M</td>
</tr>
<tr>
<td>Adj EBITDA Margin(^{(1)})</td>
<td>14.4%</td>
<td>13.9%</td>
<td>14.4%</td>
<td>14.4%</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

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

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

**FY2017 Revenue By Business (% of segment total)**
- Non-Core Public Sector: 9%
- Transportation: 31%
- Government Services & Health: 60%

*Non-core revenue includes signed and to-be-signed divestitures*
Transportation Overview

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Public Transit</th>
<th>Tolling</th>
<th>Public Safety/Parking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>6.4</td>
<td>1.8</td>
<td>1.8</td>
</tr>
<tr>
<td>2018</td>
<td>6.8</td>
<td>1.9</td>
<td>3.3</td>
</tr>
<tr>
<td>2019</td>
<td>7.1</td>
<td>2.0</td>
<td>3.6</td>
</tr>
<tr>
<td>2020</td>
<td>7.5</td>
<td>2.1</td>
<td>3.7</td>
</tr>
</tbody>
</table>

2018-2020 CAGR %
- Electronic Tolling: 3.1%
- Public Transit: 4.5%
- Public Safety/Parking: 5.2%

Key Transportation Digital Offerings

<table>
<thead>
<tr>
<th>Solution</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conduent Electronic Toll Collection Systems</td>
<td>• Front office support to customers financial process and state of the art lane systems. Digital engagement with advanced analytics, mobile, web, and payment technologies</td>
</tr>
<tr>
<td>Conduent Fare Collection System</td>
<td>• Front office software with account based and open payment systems. Transit systems in 27 countries</td>
</tr>
<tr>
<td>Conduent Parking Systems</td>
<td>• Complete financial transaction from start to end. Business intelligence, analytics, and data visualization tools</td>
</tr>
<tr>
<td>Conduent Public Safety</td>
<td>• Front office support. Mobile payments, mobile web, license plate recognition technologies</td>
</tr>
</tbody>
</table>

Key Market Trends:

- Sprawling urbanization, traffic congestion, public policies; coupled with agencies desire to improve services and increase utilization
- "Wrap Technology Around Customer Experience"
- "Proven Solutions"
- "Desired Business Model"

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

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

### Legacy
- Cash payment
- Token for payments
- Tickets purchased from ticket offices

### Today
- Smartcard based ticketing
- Digital payments and processing

### Evolving
- Intelligent personalized itineraries
- Account based and bankcard systems
- Learning of individual choices and preferences

<table>
<thead>
<tr>
<th>Individualized</th>
<th>Immediate</th>
<th>Intelligent</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Long lines at the ticket office&lt;br&gt;• Poor transit attraction&lt;br&gt;• Poor information to users</td>
<td>• Smartcard reload and fare collection&lt;br&gt;• Interoperability across various means of transportation&lt;br&gt;• Real time information</td>
<td>• Improved data analytics with interoperability and integration between collection systems&lt;br&gt;• Accurate understanding of fare collection</td>
</tr>
<tr>
<td>• Limited information and analytics&lt;br&gt;• Limited financial auditing capabilities&lt;br&gt;• High leakage</td>
<td>• Real time itineraries adaptation&lt;br&gt;• Seamless travel and payment&lt;br&gt;• Real time information across multiple modes of transportation</td>
<td>• Integration of multiple transportation services&lt;br&gt;• Integrated BI and analytics</td>
</tr>
</tbody>
</table>

### Immediate
- Long lines at the ticket office
- Poor transit attraction
- Poor information to users

### Intelligent
- Limited information and analytics
- Limited financial auditing capabilities
- High leakage
Government Overview

Key Market Trends:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Client Imperatives</th>
<th>Our solutions that make us well positioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>Integrated solutions to improve services to constituents; while standardizing services</td>
<td>• Leverage horizontal businesses into Federal industry</td>
</tr>
</tbody>
</table>
| Government Healthcare | State Medicaid Agency – Increases in Cost of Healthcare continues without abatement | • Eliminate inefficiencies by connecting the value chain  
• Focus on preventive care management                                                              |
| State & Local         | Integration between agencies to make best decisions to plan, budget and operate agency | • Proven Solutions  
• Modernizing Technology  
• Subject Matter Experts                                                          |

Addressable Market ($B):

- Federal: ~$170M of revenue
- State & Local: ~$760M of revenue
- Healthcare: ~$480M of revenue

Key Government Digital Offerings:

<table>
<thead>
<tr>
<th>Solution</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conduent Social Services Solutions</td>
<td>• Convenient and secure electronic payment cards for gov’t programs. Advanced fraud and predictive analytics, data warehouse, mobile applications, and chat bots</td>
</tr>
<tr>
<td>Conduent Pharmacy Benefit Management Solutions</td>
<td>• Automated, real-time POS pharmacy claim adjudication. Enhanced business analytics to provide program recommendations</td>
</tr>
<tr>
<td>Conduent Health &amp; Human Services Solutions</td>
<td>• Case management solutions with mobile enabled web environment, predictive analytics tools to anticipate future customer needs</td>
</tr>
</tbody>
</table>

Source: Frost & Sullivan, EY, Nelson-Hall, Gartner, Mercator Consulting, and Conduent Corporate Strategy
Note: State & Local includes Government Payments, and Federal includes Government Healthcare; Business segment revenue represents approximate FY2017 revenue excluding signed and unsigned divestitures
Managing Medicaid Pharmacy Spending
How can States control spending and improve the safety and efficacy of drug therapies in Medicaid?

<table>
<thead>
<tr>
<th>Legacy</th>
<th>Today</th>
<th>Evolving</th>
</tr>
</thead>
</table>
| Individualized | • Paper-based submission, faxed prior forms and payment via check  
                   • Non-scalable, standalone, costly systems  
                   • Limited clinical decision support  
                   • Outdated systems and processes  
                   • Limited information and analytics  
                   • Drug management without medical data | • Electronic prescription and claim submission, transmission and payment  
                                           • Scalable, integrated, cost-effective solutions  
                                           • Comprehensive clinical decision support leveraging data from electronic medical records (EMR)  
                                           • Automated, streamlined processes  
                                           • Integrated analytics portal  
                                           • Personalized control of therapies and dosage  
                                           • Detection and mitigation of fraud, waste and abuse | • E-Prescribing from all EMRs  
                                                        • Seamless prior authorization integrating prescription and medical data  
                                                        • Recipient apps to drive utilization and medication adherence  
                                                        • Integration of medical, pharmacy and enrollment analytics for improved program design and population health management  
                                                        • Advanced analytics leveraging multiple data sources to predict and reduce fraud |

Immediate

Intelligent
## Government Benefit Payments

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

<table>
<thead>
<tr>
<th>Legacy</th>
<th>Today</th>
<th>Evolving</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individualized</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Non-digital communication methods</td>
<td>• Mobile, live agent, web, chat, digital customer experience</td>
<td>• Individualized account controls</td>
</tr>
<tr>
<td>• Limited self – service options</td>
<td>• Intelligent IVR cardholder identification and call routing</td>
<td>• Explore account service integrations through Artificial Intelligence interfaces (e.g., Siri, Alexa, Google)</td>
</tr>
<tr>
<td><strong>Immediate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Basic disbursement channels (ATM, POS)</td>
<td>• Increased benefit access capabilities (MoneyGram, Walmart)</td>
<td>• Ever increasing self-service capabilities</td>
</tr>
<tr>
<td>• Limited fraud capabilities</td>
<td>• Multi-Tenant Platforms to shorten implementation cycles</td>
<td>• Identify new FinTech partnership opportunities to drive client value</td>
</tr>
<tr>
<td>• Long program to market cycles</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Intelligent</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Transactional oriented activities</td>
<td>• Smart fraud reduction technologies (EMV, Neural fraud detection capabilities) at program level</td>
<td>• Data warehousing investments bringing “consortium” approach to our fraud detection capabilities</td>
</tr>
<tr>
<td>• Macro level analytics</td>
<td>• Client data warehousing for capabilities for client on-demand analytic services</td>
<td></td>
</tr>
</tbody>
</table>
Focus on Clients and Touching Millions Every Day

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

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

- Over 400 million government healthcare claims processed annually
- Over 54 million registered payment cards with over $85 billion in funds managed in 2017
- #1 US Prepaid card government processor
- More than 100 million public transport tickets are processed daily
- Leading provider of parking solutions with 44% market share in the U.S.
- Servicing 46% market of US electronic toll collection

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

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

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

<table>
<thead>
<tr>
<th>Growth Parameters</th>
<th>Transportation</th>
<th>Government Healthcare</th>
<th>State &amp; Local</th>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernize our Base</td>
<td>• Investment focused on future product evolution</td>
<td>• Pharmacy Benefits Management platform functionality</td>
<td>• Configurable / modular case management offering</td>
<td>• Focus on leveraging existing capabilities</td>
</tr>
<tr>
<td>Organic Growth in Existing Segments</td>
<td>• Public Transit: Focus modular / cloud based platforms</td>
<td>• Lower overall cost of healthcare via administrative offerings</td>
<td>• Expand case management</td>
<td>• Investment in capabilities that service multiple clients</td>
</tr>
<tr>
<td></td>
<td>• Tolling: platform modernization</td>
<td></td>
<td>• Enable citizens benefits</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• In Parking, pursue entry into UK on-street parking market</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand role in Emerging Value Chain</td>
<td>• Commercialize a Whole Patient / Whole Member (WPWM) integrated benefits management offering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inorganic Growth / Partnerships</td>
<td>• Explore tuck in acquisitions</td>
<td>• Explore tuck in acquisitions with focus on expanding value chain</td>
<td>• Explore partnerships to expand end to end solution on value chain - example: automated re-platforming of solutions</td>
<td>• Explore acquisition(s) with critical contract vehicles</td>
</tr>
<tr>
<td></td>
<td>• Intellectual Property, Technology</td>
<td>• Partnerships to expand the value chain (i.e., care and utilization management)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Our Growth Roadmap

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

**Service Mix Today**
- Large Integrated Platform based solutions

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

**Service Mix Tomorrow**
- Modular, Mobile and Cloud-based solution

**Competitors**
- Experts focused on expanding mobility to improve the entire customer experience

**Modular and Cloud based Platform Investments**

**Emerging Technologies (Blockchain, Analytics), to Improve Capabilities and Delivery**

**Shaping Deals to Win Business with Modular & Cloud-Based Solutions**

- 2017
- 2018
- 2019
- 2020
Financial Overview
Brian Webb-Walsh, Chief Financial Officer
Key Takeaways

- Stable Core
- Pivoting to Growth
- Improving Margins
- Long Term Outlook
Financials for Overall Business

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Operating Profit</th>
<th>Operating Margin</th>
<th>Adj EBITDA</th>
<th>Adj EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 '17</td>
<td>$83M</td>
<td>5.6%</td>
<td>$147M</td>
<td>9.9%</td>
</tr>
<tr>
<td>Q2 '17</td>
<td>$83M</td>
<td>5.8%</td>
<td>$153M</td>
<td>10.7%</td>
</tr>
<tr>
<td>Q3 '17</td>
<td>$107M</td>
<td>7.5%</td>
<td>$170M</td>
<td>11.9%</td>
</tr>
<tr>
<td>Q4 '17</td>
<td>$127M</td>
<td>8.7%</td>
<td>$185M</td>
<td>12.7%</td>
</tr>
<tr>
<td>Q1 '18</td>
<td>$105M</td>
<td>7.4%</td>
<td>$161M</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

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

FY2017 Revenue By Segment
(*Non-core revenue includes signed and to-be-signed divestitures)
## FY2018 Guidance

<table>
<thead>
<tr>
<th></th>
<th>As of Feb 21st</th>
<th>As of May 9th</th>
<th>As of June 8th</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$5.60 - $5.80B</td>
<td>$5.44 - $5.64B</td>
<td>$5.41 - $5.61B</td>
<td>• Assumes signed divestiture close dates of 6/30</td>
</tr>
<tr>
<td><strong>Adj EBITDA</strong></td>
<td>$707 - $733M</td>
<td>$672 - $698M</td>
<td>$662 - $688M</td>
<td>• Continued focus on margin expansion, post-divestiture impact</td>
</tr>
<tr>
<td><strong>Adj EBITDA Margin</strong></td>
<td>12.1 - 13.0%</td>
<td>11.9 - 12.8%</td>
<td>11.8 - 12.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Adj Free Cash Flow</strong></td>
<td>$177 - $257M</td>
<td>$168 - $244M</td>
<td>$166 - $241M</td>
<td>• Capex expected to be ~3% of revenue</td>
</tr>
<tr>
<td>% of Adj EBITDA</td>
<td>25 - 35%</td>
<td>25 - 35%</td>
<td>25 - 35%</td>
<td>• Assumes debt pay down</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Adj tax rate of 30 - 35%</td>
</tr>
</tbody>
</table>

All guidance metrics unchanged, excluding divestiture impact

Note: Refer to Appendix for Non-GAAP definitions for adjusted EBITDA, adjusted EBITDA margin, Adjusted Free Cash Flow and "Non-GAAP Outlook" for certain non-GAAP information concerning outlook
Divestiture Update
Successfully Monetizing Non-Core Assets

Signed Divestitures
• Off-Street Parking
• Human Resources Consulting
• Commercial Vehicle Operations

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

To-be-signed Divestitures
• ~$100M Government businesses (Public Sector)
• ~$500M Stand-alone Customer Care Contracts

Financials
• 2017 Revenue: ~$600M
• 2017 Adj EBITDA: ~$50M
• 2017 Adj EBITDA (after stranded cost take-out): ~$10M

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

Note: Please refer to Appendix definition for adjusted EBITDA
Defining “The Core” – The Stable Base
What FY2018 would look like after all ~$1B of divestitures, stranded cost take-out (~7% of divested revenue), and deployment of proceeds

<table>
<thead>
<tr>
<th>FY2018 Core</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
</tr>
<tr>
<td><strong>Adj EBITDA</strong></td>
</tr>
<tr>
<td><strong>Adj EBITDA Margin</strong></td>
</tr>
</tbody>
</table>
| **Adj Free Cash Flow** | $190 - $265M | • Reflects:  
  • Debt pay-down (Net leverage ~2x)  
  • Capex of ~3% of revenue  
  • Adj tax rate of 30 - 35% |
| **% of Adj EBITDA** | 30 - 40% |
Key Takeaways

- Stable Core
- Pivoting to Growth
- Improving Margins
- Long Term Outlook
Revenue – Growing the Core

FY2018E Pre-Divestiture Guidance: $5.6 - $5.8B

Signed Divestitures: ~($400)M

To-be-signed Divestitures: ~($600)M

FY2018 E Core Revenue: $4.6 - $4.8B

FY2019E / FY2020E Growth: 2.5 - 4% Annual Growth

FY2020E Outlook:
Revenue Growth Drivers

**Organic**

- New business in existing segments
  - Increased sales capacity
  - Client engagement model
  - Service line expansion

- Modernize our base
  - Leverage technology differentiation
  - Expand role in value-chain

**Inorganic**

- Acquisitions focused on capabilities, technology, IP, automation, etc.

- Federal, Healthcare, and Transportation and key horizontals (e.g., HRS, F&A)
Key Takeaways

- Stable Core
- Pivoting to Growth
- Improving Margins
- Long Term Outlook
Adjusted EBITDA – Margin Improvement

- FY2018E Pre-Divestiture Guidance: $707 - $733M
- Signed Divestitures: (~$95)M
- To-be-signed Divestitures: ~($50)M
- Stranded Cost Take-out: ~$70M
- FY2018E Core Adj EBITDA: $632 - $658M
- FY2019E / FY2020E Growth
- FY2020E Outlook: >15% Adj. EBITDA Margin

12.1 – 13.0% Adj EBITDA Margin

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

Growth

- **Organic growth**
  - Revenue growth from higher margin deals
    - Average new business margin threshold: >15% Adj EBITDA margin
  - Improved operating leverage

- **Inorganic growth**
  - Targeting >15% Adj EBITDA margins on average from acquisitions

Transformation

- **Existing 3-Year $700M plan**
  - On track for $225M of cost savings in FY2018
  - FY2019 benefit from full year effect of cost actions taken in FY2018

- **Stranded Costs**
  - Expect to address stranded cost from divested businesses in FY2019
    - 7% of signed and to-be-signed divested revenues (~$70M)
    - Focus on corporate functions and IT

- **Next phase of Transformation Focus**
  - Accu-shoring: Leveraging global delivery footprint
  - Benchmark systems and processes for corporate functions
  - Leveraging technology to drive automation of client delivery

Note: Please refer to Appendix for Non-GAAP reconciliations and definitions for adjusted EBITDA and adjusted EBITDA margin
Sources / Uses of Cash in FY2018E

Using Cash to Create Shareholder Value

Sources of Cash
~$1.2B Target Cash

- FY2018E FCF Generation and Current Cash Balance, ~$725M
- After-tax signed divestiture proceeds, ~$500M

Uses of Cash
Balanced Capital Deployment

- Target Cash Balance, $300 - $500M
- Debt Repayment, $400 – $500M
- Acquisitions, $200 - $300M

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

- Stable Core
- Pivoting to Growth
- Improving Margins
- Long Term Outlook
## Financial Performance Goals

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Core</th>
<th>2019/2020</th>
<th>Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Growth</strong></td>
<td>$4.6 - $4.8B</td>
<td>2.5 - 4%</td>
<td>• New logos</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Annual Growth</td>
<td>• Inorganic growth</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Client expansion</td>
</tr>
<tr>
<td><strong>Adj EBITDA</strong></td>
<td>$632 - $658M</td>
<td>&gt;15% Adj EBITDA Margin by 2020</td>
<td>• Stranded cost take-out</td>
</tr>
<tr>
<td><strong>Adj EBITDA Margin</strong></td>
<td>13.1 - 14.3%</td>
<td></td>
<td>• Next phase transformation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Higher operating leverage</td>
</tr>
<tr>
<td><strong>Adj Free Cash Flow</strong></td>
<td>30 - 40%</td>
<td>35 - 45%</td>
<td>• Adj EBITDA growth</td>
</tr>
<tr>
<td></td>
<td>of Adj EBITDA</td>
<td>of Adj EBITDA</td>
<td>• Lower interest expense</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Adj tax rate: 27 – 30%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Lower restructuring costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Capex of 2.5 - 3% of revenue</td>
</tr>
</tbody>
</table>

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

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

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

Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin.

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

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

We provide our investors with adjusted revenue, adjusted operating income and adjusted operating margin information, as supplemental information, because we believe it offers added insight, by itself and for comparability between periods, by adjusting for certain non-cash items as well as certain other identified items which we do not believe are indicative of our ongoing business, and may also provide added insight on trends in our ongoing business.
Non-GAAP Financial Measures

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

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

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

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Revenue From Continuing Operations</td>
<td>$1,420</td>
<td>$6,022</td>
<td>$1,493</td>
<td>$1,480</td>
<td>$1,496</td>
<td>$1,553</td>
</tr>
<tr>
<td>GAAP Pre-tax Income (Loss) From Continuing Operations</td>
<td>(54)</td>
<td>(16)</td>
<td>4</td>
<td>13</td>
<td>(11)</td>
<td>(22)</td>
</tr>
<tr>
<td>GAAP Operating Margin As Reported</td>
<td>(3.8)%</td>
<td>(0.3)%</td>
<td>0.3%</td>
<td>0.9%</td>
<td>(0.7)%</td>
<td>(1.4)%</td>
</tr>
<tr>
<td>GAAP Pre-tax income (Loss) From Continuing Operations</td>
<td>$ (54)</td>
<td>$ (16)</td>
<td>$ 4</td>
<td>$ 13</td>
<td>$ (11)</td>
<td>$ (22)</td>
</tr>
</tbody>
</table>

### Adjustments:

<table>
<thead>
<tr>
<th>Description</th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>61</td>
<td>243</td>
<td>61</td>
<td>60</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>NY MMIS</td>
<td>—</td>
<td>9</td>
<td>(1)</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Restructuring and related costs</td>
<td>20</td>
<td>101</td>
<td>25</td>
<td>22</td>
<td>36</td>
<td>18</td>
</tr>
<tr>
<td>HE charge</td>
<td>—</td>
<td>(8)</td>
<td>—</td>
<td>(3)</td>
<td>—</td>
<td>(5)</td>
</tr>
<tr>
<td>Separation costs</td>
<td>—</td>
<td>12</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>(5)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>33</td>
<td>137</td>
<td>32</td>
<td>35</td>
<td>34</td>
<td>36</td>
</tr>
<tr>
<td>(Gain) loss on divestitures and transaction costs</td>
<td>15</td>
<td>(42)</td>
<td>(1)</td>
<td>(16)</td>
<td>(25)</td>
<td>—</td>
</tr>
<tr>
<td>Litigation costs (recoveries), net</td>
<td>31</td>
<td>(11)</td>
<td>3</td>
<td>6</td>
<td>(9)</td>
<td>(11)</td>
</tr>
<tr>
<td>Other (income) expenses, net</td>
<td>(1)</td>
<td>(7)</td>
<td>3</td>
<td>(9)</td>
<td>—</td>
<td>(1)</td>
</tr>
</tbody>
</table>

### Adjusted Operating Income/Margin

<table>
<thead>
<tr>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Operating Income/Margin</td>
<td>$105</td>
<td>$418</td>
<td>$130</td>
<td>$171</td>
<td>$88</td>
</tr>
<tr>
<td>Adjusted Operating Margin</td>
<td>7.4%</td>
<td>6.9%</td>
<td>8.7%</td>
<td>7.5%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>
Non-GAAP Reconciliation: Adjusted Revenue and Operating Income / Margin\(^{(1)}\)

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Revenue From Continuing Operations</td>
<td>$1,420</td>
<td>$6,022</td>
<td>$1,493</td>
<td>$1,480</td>
<td>$1,496</td>
<td>$1,553</td>
</tr>
<tr>
<td>ASC 606 adjustment</td>
<td>—</td>
<td>$(166)</td>
<td>$(41)</td>
<td>$(39)</td>
<td>$(40)</td>
<td>$(46)</td>
</tr>
<tr>
<td>Less revenue from divestitures</td>
<td>—</td>
<td>$(59)</td>
<td>—</td>
<td>$(14)</td>
<td>$(22)</td>
<td>$(23)</td>
</tr>
<tr>
<td>Adjusted Revenue From Continuing Operations</td>
<td>$1,420</td>
<td>$5,797</td>
<td>$1,452</td>
<td>$1,427</td>
<td>$1,434</td>
<td>$1,484</td>
</tr>
<tr>
<td>Pre-tax Income (Loss) From Continuing Operations</td>
<td>$(54)</td>
<td>$(16)</td>
<td>4</td>
<td>13</td>
<td>(11)</td>
<td>(22)</td>
</tr>
<tr>
<td>ASC 606 adjustment</td>
<td>—</td>
<td>$(11)</td>
<td>$(3)</td>
<td>$(2)</td>
<td>$(3)</td>
<td>$(3)</td>
</tr>
<tr>
<td>Less pre-tax (income) loss from divestitures</td>
<td>—</td>
<td>$(7)</td>
<td>—</td>
<td>$(2)</td>
<td>$(2)</td>
<td>$(3)</td>
</tr>
<tr>
<td>Adjusted Pre-Tax Income (Loss)</td>
<td>$(54)</td>
<td>$(34)</td>
<td>1</td>
<td>9</td>
<td>(16)</td>
<td>(28)</td>
</tr>
<tr>
<td>Adjusted Operating Margin</td>
<td>$(3.8)%</td>
<td>(0.6)%</td>
<td>0.1%</td>
<td>0.6%</td>
<td>(1.1)%</td>
<td>(1.9)%</td>
</tr>
<tr>
<td>Adjusted Revenue</td>
<td>$1,420</td>
<td>$5,797</td>
<td>$1,452</td>
<td>$1,427</td>
<td>$1,434</td>
<td>$1,484</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjustments:</th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>61</td>
<td>243</td>
<td>61</td>
<td>60</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>NY MMIS</td>
<td>—</td>
<td>9</td>
<td>(1)</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Restructuring and related costs</td>
<td>20</td>
<td>101</td>
<td>25</td>
<td>22</td>
<td>36</td>
<td>18</td>
</tr>
<tr>
<td>HE charge</td>
<td>—</td>
<td>(8)</td>
<td>—</td>
<td>(3)</td>
<td>—</td>
<td>(5)</td>
</tr>
<tr>
<td>Separation costs</td>
<td>—</td>
<td>12</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Interest expense</td>
<td>33</td>
<td>137</td>
<td>32</td>
<td>35</td>
<td>34</td>
<td>36</td>
</tr>
<tr>
<td>(Gain) loss on divestitures and transaction costs</td>
<td>15</td>
<td>(42)</td>
<td>(1)</td>
<td>(16)</td>
<td>(25)</td>
<td>—</td>
</tr>
<tr>
<td>Litigation costs (recoveries), net</td>
<td>31</td>
<td>(11)</td>
<td>3</td>
<td>6</td>
<td>(9)</td>
<td>(11)</td>
</tr>
<tr>
<td>ASC 606 adjustment</td>
<td>—</td>
<td>(11)</td>
<td>(3)</td>
<td>(2)</td>
<td>(3)</td>
<td>(3)</td>
</tr>
<tr>
<td>Less pre-tax (income) loss from divestitures</td>
<td>—</td>
<td>(7)</td>
<td>—</td>
<td>(2)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>Other (income) expenses, net</td>
<td>(1)</td>
<td>(7)</td>
<td>3</td>
<td>(9)</td>
<td>—</td>
<td>(1)</td>
</tr>
<tr>
<td>Adjusted Operating Income/Margin</td>
<td>$105</td>
<td>$400</td>
<td>$127</td>
<td>$107</td>
<td>$83</td>
<td>$83</td>
</tr>
<tr>
<td>Adjusted Operating Margin</td>
<td>7.4%</td>
<td>6.9%</td>
<td>8.7%</td>
<td>7.5%</td>
<td>5.8%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

(1) adjusted for the impact from 606 accounting standard change and revenue and (income) loss from divestitures
## Non-GAAP Reconciliation: Adjusted EBITDA

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reconciliation to Adjusted Revenue</strong></td>
<td>$1,420</td>
<td>$6,022</td>
<td>$1,493</td>
<td>$1,480</td>
<td>$1,496</td>
</tr>
<tr>
<td><strong>GAAP Revenue From Continuing Operations</strong></td>
<td>$1,420</td>
<td>$6,022</td>
<td>$1,493</td>
<td>$1,480</td>
<td>$1,496</td>
</tr>
<tr>
<td>GAAP Net Income (Loss) from Continuing Operations</td>
<td>$(50)</td>
<td>$177</td>
<td>$208</td>
<td>$(17)</td>
<td>$(4)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>33</td>
<td>137</td>
<td>32</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>(4)</td>
<td>(193)</td>
<td>(204)</td>
<td>30</td>
<td>(7)</td>
</tr>
<tr>
<td>Segment depreciation and amortization</td>
<td>56</td>
<td>254</td>
<td>58</td>
<td>63</td>
<td>69</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>61</td>
<td>243</td>
<td>61</td>
<td>60</td>
<td>61</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$96</td>
<td>$618</td>
<td>$155</td>
<td>$171</td>
<td>$153</td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong></td>
<td>6.8%</td>
<td>10.3%</td>
<td>10.4%</td>
<td>11.6%</td>
<td>10.2%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$96</td>
<td>$618</td>
<td>$155</td>
<td>$171</td>
<td>$153</td>
</tr>
<tr>
<td>Restructuring and related costs</td>
<td>20</td>
<td>101</td>
<td>25</td>
<td>22</td>
<td>36</td>
</tr>
<tr>
<td>Separation costs</td>
<td>—</td>
<td>12</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>NY MMIS</td>
<td>—</td>
<td>9</td>
<td>(1)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>HE charge</td>
<td>—</td>
<td>(8)</td>
<td>—</td>
<td>(3)</td>
<td>—</td>
</tr>
<tr>
<td>(Gain) loss on divestitures and transaction costs</td>
<td>15</td>
<td>(42)</td>
<td>(1)</td>
<td>(16)</td>
<td>(25)</td>
</tr>
<tr>
<td>Litigation costs (recoveries), net</td>
<td>31</td>
<td>(11)</td>
<td>3</td>
<td>6</td>
<td>(9)</td>
</tr>
<tr>
<td>Other (income) expenses, net</td>
<td>(1)</td>
<td>(7)</td>
<td>3</td>
<td>(9)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>161</td>
<td>672</td>
<td>188</td>
<td>174</td>
<td>157</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin</strong></td>
<td>11.3%</td>
<td>11.2%</td>
<td>12.6%</td>
<td>11.8%</td>
<td>10.5%</td>
</tr>
</tbody>
</table>
## Non-GAAP Reconciliation: Adjusted EBITDA(1)

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reconciliation to Adjusted Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAAP Revenue From Continuing Operations</td>
<td>$1,420</td>
<td>$6,022</td>
<td>$1,493</td>
<td>$1,480</td>
<td>$1,496</td>
<td>$1,553</td>
</tr>
<tr>
<td>ASC 606 adjustment</td>
<td>$—</td>
<td>$(166)</td>
<td>$(41)</td>
<td>$(39)</td>
<td>$(40)</td>
<td>$(46)</td>
</tr>
<tr>
<td>Less revenue from divestitures</td>
<td>$—</td>
<td>$(59)</td>
<td>$—</td>
<td>$(14)</td>
<td>$(22)</td>
<td>$(23)</td>
</tr>
<tr>
<td><strong>Adjusted Revenue From Continuing Operations</strong></td>
<td>$1,420</td>
<td>$5,797</td>
<td>$1,452</td>
<td>$1,427</td>
<td>$1,434</td>
<td>$1,484</td>
</tr>
<tr>
<td><strong>Net Income (Loss) from Continuing Operations</strong></td>
<td>$ (50)</td>
<td>$ 177</td>
<td>$ 208</td>
<td>$(17)</td>
<td>$(4)</td>
<td>$(10)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>33</td>
<td>137</td>
<td>32</td>
<td>35</td>
<td>34</td>
<td>36</td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>$(4)</td>
<td>$(193)</td>
<td>$(204)</td>
<td>30</td>
<td>$(7)</td>
<td>$(12)</td>
</tr>
<tr>
<td>Segment depreciation and amortization</td>
<td>56</td>
<td>254</td>
<td>58</td>
<td>63</td>
<td>69</td>
<td>64</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>61</td>
<td>243</td>
<td>61</td>
<td>60</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>ASC 606 adjustment</td>
<td>$—</td>
<td>$(11)</td>
<td>(3)</td>
<td>(2)</td>
<td>(3)</td>
<td>(3)</td>
</tr>
<tr>
<td>Less pre-tax (income) loss from divestitures</td>
<td>$—</td>
<td>$(6)</td>
<td>—</td>
<td>$(2)</td>
<td>(1)</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>EBITDA adjusted for 606 and divestitures</strong></td>
<td>$ 96</td>
<td>$ 601</td>
<td>$ 152</td>
<td>$ 167</td>
<td>$ 149</td>
<td>$ 133</td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong></td>
<td>6.8%</td>
<td>10.4%</td>
<td>10.5%</td>
<td>11.7%</td>
<td>10.4%</td>
<td>9.0%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$ 96</td>
<td>$ 601</td>
<td>$ 152</td>
<td>$ 167</td>
<td>$ 149</td>
<td>$ 133</td>
</tr>
<tr>
<td>Restructuring and related costs</td>
<td>20</td>
<td>101</td>
<td>25</td>
<td>22</td>
<td>36</td>
<td>18</td>
</tr>
<tr>
<td>Separation costs</td>
<td>—</td>
<td>12</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>NY MMIS</td>
<td>—</td>
<td>9</td>
<td>(1)</td>
<td>1</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>HE charge</td>
<td>—</td>
<td>(8)</td>
<td>—</td>
<td>(3)</td>
<td>—</td>
<td>(5)</td>
</tr>
<tr>
<td>(Gain) loss on divestitures and transaction costs</td>
<td>15</td>
<td>(42)</td>
<td>(1)</td>
<td>(16)</td>
<td>(25)</td>
<td>—</td>
</tr>
<tr>
<td>Litigation costs (recoveries), net</td>
<td>31</td>
<td>(11)</td>
<td>3</td>
<td>6</td>
<td>(9)</td>
<td>(11)</td>
</tr>
<tr>
<td>Other (income) expenses, net</td>
<td>(1)</td>
<td>(7)</td>
<td>3</td>
<td>(9)</td>
<td>—</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$161</td>
<td>$655</td>
<td>$185</td>
<td>$170</td>
<td>$153</td>
<td>$147</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin</strong></td>
<td>11.3%</td>
<td>11.3%</td>
<td>12.7%</td>
<td>11.9%</td>
<td>10.7%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment GAAP revenue</strong></td>
<td>$854</td>
<td>$3,475</td>
<td>$879</td>
<td>$845</td>
<td>$856</td>
<td>$895</td>
</tr>
<tr>
<td><strong>Segment profit</strong></td>
<td>$44</td>
<td>$181</td>
<td>$73</td>
<td>$49</td>
<td>$33</td>
<td>$26</td>
</tr>
<tr>
<td><strong>Segment depreciation and amortization</strong></td>
<td>$34</td>
<td>$142</td>
<td>$34</td>
<td>$34</td>
<td>$38</td>
<td>$36</td>
</tr>
<tr>
<td><strong>Adjusted Segment EBITDA</strong></td>
<td>$78</td>
<td>$323</td>
<td>$107</td>
<td>$83</td>
<td>$71</td>
<td>$62</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin</strong></td>
<td>9.1%</td>
<td>9.3%</td>
<td>12.2%</td>
<td>9.8%</td>
<td>8.3%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

### Public Sector

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment GAAP revenue</strong></td>
<td>$558</td>
<td>$2,408</td>
<td>$602</td>
<td>$599</td>
<td>$598</td>
<td>$609</td>
</tr>
<tr>
<td><strong>Segment profit</strong></td>
<td>$65</td>
<td>$232</td>
<td>$63</td>
<td>$60</td>
<td>$52</td>
<td>$57</td>
</tr>
<tr>
<td><strong>Segment depreciation and amortization</strong></td>
<td>$22</td>
<td>$107</td>
<td>$23</td>
<td>$28</td>
<td>$29</td>
<td>$27</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$87</td>
<td>$339</td>
<td>$86</td>
<td>$88</td>
<td>$81</td>
<td>$84</td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong></td>
<td>15.6%</td>
<td>14.1%</td>
<td>14.3%</td>
<td>14.7%</td>
<td>13.5%</td>
<td>13.8%</td>
</tr>
<tr>
<td><strong>Segment EBITA</strong></td>
<td>$87</td>
<td>$339</td>
<td>$86</td>
<td>$88</td>
<td>$81</td>
<td>$84</td>
</tr>
<tr>
<td><strong>NY MMIS</strong></td>
<td>—</td>
<td>9</td>
<td>(1)</td>
<td>1</td>
<td>(3)</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>HE charge</strong></td>
<td>—</td>
<td>(8)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted Segment EBITDA</strong></td>
<td>$87</td>
<td>$340</td>
<td>$85</td>
<td>$86</td>
<td>$82</td>
<td>$87</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin</strong></td>
<td>15.6%</td>
<td>14.1%</td>
<td>14.1%</td>
<td>14.4%</td>
<td>13.7%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

### Other Segment

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment GAAP revenue</strong></td>
<td>$8</td>
<td>$139</td>
<td>$12</td>
<td>$36</td>
<td>$42</td>
<td>$49</td>
</tr>
<tr>
<td><strong>GAAP Segment profit (loss)</strong></td>
<td>$(4)</td>
<td>$(5)</td>
<td>$(5)</td>
<td>$(4)</td>
<td>$(2)</td>
<td>$(3)</td>
</tr>
<tr>
<td><strong>Segment depreciation and amortization</strong></td>
<td>—</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Adjusted Segment EBITDA</strong></td>
<td>$(4)</td>
<td>$(9)</td>
<td>$(4)</td>
<td>$(5)</td>
<td>$(4)</td>
<td>$(4)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin</strong></td>
<td>(50.0)%</td>
<td>6.5%</td>
<td>(33.3)%</td>
<td>13.9%</td>
<td>9.5%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

---

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

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

---

Non-GAAP Reconciliation: Segment Adjusted EBITDA

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Industries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment GAAP revenue</td>
<td>$854</td>
<td>$3,475</td>
<td>$879</td>
<td>$845</td>
<td>$856</td>
<td>$895</td>
</tr>
<tr>
<td>Segment profit</td>
<td>$44</td>
<td>$181</td>
<td>$73</td>
<td>$49</td>
<td>$33</td>
<td>$26</td>
</tr>
<tr>
<td>Segment depreciation and amortization</td>
<td>$34</td>
<td>$142</td>
<td>$34</td>
<td>$34</td>
<td>$38</td>
<td>$36</td>
</tr>
<tr>
<td>Adjusted Segment EBITDA</td>
<td>$78</td>
<td>$323</td>
<td>$107</td>
<td>$83</td>
<td>$71</td>
<td>$62</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin</td>
<td>9.1%</td>
<td>9.3%</td>
<td>12.2%</td>
<td>9.8%</td>
<td>8.3%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Public Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment GAAP revenue</td>
<td>$558</td>
<td>$2,408</td>
<td>$602</td>
<td>$599</td>
<td>$598</td>
<td>$609</td>
</tr>
<tr>
<td>Segment profit</td>
<td>$65</td>
<td>$232</td>
<td>$63</td>
<td>$60</td>
<td>$52</td>
<td>$57</td>
</tr>
<tr>
<td>Segment depreciation and amortization</td>
<td>$22</td>
<td>$107</td>
<td>$23</td>
<td>$28</td>
<td>$29</td>
<td>$27</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$87</td>
<td>$339</td>
<td>$86</td>
<td>$88</td>
<td>$81</td>
<td>$84</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>15.6%</td>
<td>14.1%</td>
<td>14.3%</td>
<td>14.7%</td>
<td>13.5%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Segment EBITA</td>
<td>$87</td>
<td>$339</td>
<td>$86</td>
<td>$88</td>
<td>$81</td>
<td>$84</td>
</tr>
<tr>
<td>NY MMIS</td>
<td>—</td>
<td>9</td>
<td>(1)</td>
<td>1</td>
<td>(3)</td>
<td>(5)</td>
</tr>
<tr>
<td>HE charge</td>
<td>—</td>
<td>(8)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted Segment EBITDA</td>
<td>$87</td>
<td>$340</td>
<td>$85</td>
<td>$86</td>
<td>$82</td>
<td>$87</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin</td>
<td>15.6%</td>
<td>14.1%</td>
<td>14.1%</td>
<td>14.4%</td>
<td>13.7%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Other Segment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment GAAP revenue</td>
<td>$8</td>
<td>$139</td>
<td>$12</td>
<td>$36</td>
<td>$42</td>
<td>$49</td>
</tr>
<tr>
<td>GAAP Segment profit (loss)</td>
<td>$(4)</td>
<td>$(5)</td>
<td>$(5)</td>
<td>$(4)</td>
<td>$(2)</td>
<td>$(3)</td>
</tr>
<tr>
<td>Segment depreciation and amortization</td>
<td>—</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Adjusted Segment EBITDA</td>
<td>$(4)</td>
<td>$(9)</td>
<td>$(4)</td>
<td>$(5)</td>
<td>$(4)</td>
<td>$(4)</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin</td>
<td>(50.0)%</td>
<td>6.5%</td>
<td>(33.3)%</td>
<td>13.9%</td>
<td>9.5%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>
## Non-GAAP Reconciliation: Segment Adjusted EBITDA(1)

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Adjusted for 606 and Divestitures(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial Industries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment GAAP revenue</td>
<td>$854</td>
<td>$3,475</td>
<td>$895</td>
</tr>
<tr>
<td>ASC 606 adjustment</td>
<td>—</td>
<td>(93)</td>
<td>(26)</td>
</tr>
<tr>
<td>Segment Revenue Adjusted for 606</td>
<td>$854</td>
<td>$3,382</td>
<td>$869</td>
</tr>
<tr>
<td>Segment profit</td>
<td>44</td>
<td>181</td>
<td>26</td>
</tr>
<tr>
<td>Segment depreciation and amortization</td>
<td>34</td>
<td>142</td>
<td>36</td>
</tr>
<tr>
<td>ASC 606 adjustment</td>
<td>—</td>
<td>(5)</td>
<td>(1)</td>
</tr>
<tr>
<td>Segment EBITDA Adjusted for 606</td>
<td>$78</td>
<td>$318</td>
<td>$61</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin</td>
<td>9.1%</td>
<td>9.4%</td>
<td>7.0%</td>
</tr>
<tr>
<td><strong>Public Sector</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment GAAP revenue</td>
<td>$558</td>
<td>$2,408</td>
<td>$609</td>
</tr>
<tr>
<td>ASC 606 adjustment</td>
<td>—</td>
<td>(68)</td>
<td>(18)</td>
</tr>
<tr>
<td>Segment Revenue Adjusted for 606</td>
<td>$558</td>
<td>$2,340</td>
<td>$591</td>
</tr>
<tr>
<td>Segment profit</td>
<td>65</td>
<td>232</td>
<td>27</td>
</tr>
<tr>
<td>Segment depreciation and amortization</td>
<td>22</td>
<td>107</td>
<td>2</td>
</tr>
<tr>
<td>ASC 606 adjustment</td>
<td>—</td>
<td>(6)</td>
<td>(2)</td>
</tr>
<tr>
<td>Segment EBITDA Adjusted for 606</td>
<td>87</td>
<td>333</td>
<td>82</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>15.6%</td>
<td>14.2%</td>
<td>13.9%</td>
</tr>
</tbody>
</table>

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

(2) HE business moved from Other segment into Public Sector segment effective Q1 2018.
## Non-GAAP Reconciliation: Segment Adjusted EBITDA\(^{(1)}\) Continued

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other Segment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment GAAP revenue</td>
<td>$8</td>
<td>$139</td>
<td>$12</td>
<td>$36</td>
<td>$42</td>
<td>$49</td>
</tr>
<tr>
<td>ASC 606 adjustment</td>
<td>—</td>
<td>(5)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Less revenue from divestitures</td>
<td>—</td>
<td>(59)</td>
<td>—</td>
<td>(14)</td>
<td>(22)</td>
<td>(23)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>FY 2017</th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment GAAP revenue adjusted for 606 and divestitures</strong></td>
<td>$8</td>
<td>$75</td>
<td>$11</td>
<td>$21</td>
<td>$19</td>
<td>$24</td>
</tr>
<tr>
<td><strong>GAAP Segment profit (loss)</strong></td>
<td>$4</td>
<td>$4</td>
<td>$4</td>
<td>$2</td>
<td>$2</td>
<td>$3</td>
</tr>
<tr>
<td>Segment depreciation and amortization</td>
<td>—</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>ASC 606 adjustment</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Less pre-tax (income) loss from divestitures</td>
<td>—</td>
<td>(6)</td>
<td>—</td>
<td>(2)</td>
<td>(1)</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Adjusted Segment EBITDA</strong></td>
<td>$(4)</td>
<td>$3</td>
<td>$(4)</td>
<td>$3</td>
<td>$3</td>
<td>$1</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin</strong></td>
<td>(50.0)%</td>
<td>4.0%</td>
<td>(36.4)%</td>
<td>14.3%</td>
<td>15.8%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Adjusted for the estimated impact from the adoption of the 606 accounting standard, had it been applicable in FY 2017 and revenue and (income) loss from divestitures. Certain reclassifications have been made to prior year information to conform to current year presentation.
## Non-GAAP Reconciliation: Free Cash Flow and Adj. Free Cash Flow

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow</td>
<td>$(38)</td>
<td>$(107)</td>
</tr>
<tr>
<td>Cost of additions to land, buildings &amp; equipment</td>
<td>$(33)</td>
<td>$(17)</td>
</tr>
<tr>
<td>Proceeds from sales of land, buildings and equipment</td>
<td>$(6)</td>
<td>$(8)</td>
</tr>
<tr>
<td>Vendor financed capital leases</td>
<td>—</td>
<td>$(12)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$(77)</td>
<td>$(144)</td>
</tr>
<tr>
<td>Deferred compensation payments and adjustments</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Transaction costs</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted Free Cash Flow</td>
<td>$(69)</td>
<td>$(143)</td>
</tr>
</tbody>
</table>