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

FORM 8-K

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

Date of Report (date of earliest event reported): May 10, 2017

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

New York	001-37817	81-2983623
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

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

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

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

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

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

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

Item 2.02. Results of Operations and Financial Condition.

On May 10, 2017, Registrant released its first quarter 2017 earnings and is furnishing to the Securities and Exchange Commission a copy of the earnings press release as Exhibit 99.1 to this Report under Item 2.02 of Form 8-K.

The information contained in Item 2.02 of this Report and in Exhibit 99.1 and Exhibit 99.2 to this Report shall not be deemed “filed” with the Commission for purposes of Section 18 of the Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.

Exhibit 99.1 and Exhibit 99.2 to this Report contain certain financial measures that are considered “non-GAAP financial measures” as defined in the SEC rules. Exhibit 99.1 and Exhibit 99.2 to this Report also contain the reconciliation of these non-GAAP financial measures to their most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles, as well as the reasons why Registrant’s management believes that presentation of the non-GAAP financial measures provides useful information to investors regarding Registrant’s results of operations and, to the extent material, a statement disclosing any other additional purposes for which Registrant’s management uses the non-GAAP financial measures.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Registrant’s first quarter 2017 earnings press release dated May 10, 2017
99.2	Registrant’s investor presentation dated May 10, 2017

Forward Looking Statements

This report and any exhibits to this Report may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect Management's current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include, but are not limited to: termination rights contained in our government contracts; our ability to renew commercial and government contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our ability to attract and retain necessary technical personnel and qualified subcontractors; our ability to deliver on our contractual obligations properly and on time; competitive pressures; our significant indebtedness; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; claims of infringement of third-party intellectual property rights; the failure to comply with laws relating to individually identifiable information, and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our security systems and service interruptions; our ability to estimate the scope of work or the costs of performance in our contracts; our ability to collect our receivables for unbilled services; a decline in revenues from or a loss or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to attract and retain key employees; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings; our ability to receive dividends or other payments from our subsidiaries; changes in tax and other laws and regulations; changes in government regulation and economic, strategic, political and social conditions; changes in U.S. GAAP or other applicable accounting policies; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections in our 2016 Annual Report on Form 10-K filed with the Securities and Exchange Commission. Any forward-looking statements made by us in this report speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

SIGNATURES

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

Date: May 10, 2017

CONDUENT INCORPORATED

By: ***/s/ Jay T. Chu***
Jay T. Chu
Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit No.	Description
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EXHIBIT 99.1

News from Conduent

Conduent Incorporated
100 Campus Drive, Suite 200
Florham Park, NJ 07932

www.Conduent.com

Conduent Reports First Quarter 2017 Financial Results; Grows Adjusted EBITDA; Unveils Disciplined Go-to-Market Strategy

Financial and Operational Highlights

- Revenue of $1.55B, in-line with expectations
- Year-over-year improvement on key financial metrics
- Continued progress on strategic transformation initiative
- Streamlining operations and go-to-market strategy
- Strategically re-priced Term Loan B
- Key signings and expanded relationship with global brands and government clients

FLORHAM PARK, N.J., May 10, 2017 - Conduent (NYSE: CNDT), the world's largest provider of diversified business services, today announced its first quarter 2017 financial results.

“First quarter results were in line with our expectations, reflecting the seasonality of our business and the continued ramp of our strategic transformation initiative,” said Ashok Vemuri, CEO of Conduent. “We made meaningful progress on a number of fronts in our first quarter as a stand-alone public company, including completing the build out of the management team, realigning our vertical and horizontal offerings and launching a more disciplined and purposeful new go-to-market strategy. We continue to stay focused on growing profitable revenue streams and executing on a plan that positions us to achieve our goals in 2017 and beyond.”

First Quarter 2017 Results

First quarter 2017 revenues were $1.55 billion, down (8)%, or (7)% in constant currency, compared to Q1 2016. Pre-tax income was $(22) million compared to $(54) million in Q1 2016. The company reported EPS from continuing operations of $(0.06) versus $(0.12) in the same period last year.

First quarter adjusted operating income was $89 million, with an adjusted operating margin of 5.7% as compared to $71 million, with a margin of 4.2% in Q1 2016. Adjusted EBITDA improved 5% at $153 million, with an adjusted EBITDA margin of 9.9%, as compared with $146 million, with a margin of 8.7% in the prior year period. The company reported adjusted earnings per share of $0.16 compared to $0.22 in Q1 2016.

Conduent used $(106) million in cash flow from operations during the first quarter and ended the first quarter 2017 with a cash balance of $255 million. Total debt was $2.1 billion as of March 31, 2017.

Headcount of approximately 90,000 as of March 31, 2017 compared with approximately 96,000 as of March 31, 2016, and approximately 96,000 as of December 31, 2016.

Total TCV signings of $931M for 1Q included:

- a five year agreement with a Fortune 100 multinational company to provide benefit administration services
- contracts with two state agencies focused on capabilities in customer experience and expertise in the Medicaid eligibility and benefits services, respectively
- a significant expansion of business with one of the largest global technology brands

Financial and Strategic Outlook

Conduent is providing the following guidance ranges for calendar year 2017:

(in millions, except Revenue ($B))	FY 2016		FY 2017E
Revenue	$	6.4	Down 4.5-6.5% (CC)
Adjusted EBITDA	$	635	Up 5%-6%
Free Cash Flow	$	(81)	20-30% of Adj. EBITDA

“We achieved adjusted operating income and adjusted EBITDA growth in the first quarter and improved our margin profile. We also re-priced our Term Loan B, reducing the interest rate by 150 basis points. We are rebalancing investments into the business, optimizing our portfolio and taking appropriate actions to align with our disciplined go-to-market strategy,” said Brian Webb-Walsh, Conduent CFO.

Conference Call

Management will present the results during a conference call and webcast on May 10th at 10 a.m. Eastern.

The call will be available by live audio webcast with the news release and online presentation slides at https://investor.conduent.com/.

The conference call will also be available by calling 877-883-0383 (international dial-in 412-902-6506) at approximately 9:45 a.m. ET. The conference ID for this call is 2356279.

A recording of the conference call will be available by calling 877-344-7529, or 412-317-0088 one hour after the conference call concludes on May 10, 2017. The replay ID is 10105786.

About Conduent

Conduent (NYSE: CNDT) is the world’s largest provider of diversified business services with leading capabilities in transaction processing, automation and analytics. The company’s global workforce is dedicated to helping its large and diverse client base deliver quality services to the people they serve. These clients include 76 of the Fortune 100 companies and over 500 government entities.

Conduent’s differentiated offerings touch millions of lives every day, including two-thirds of all insured patients in the U.S. and nearly nine million people who travel through toll systems daily. Whether it’s digital payments, claims processing, benefit administration, automated tolling, customer care or distributed learning - Conduent manages and modernizes these interactions to create value for both its clients and their constituents. Learn more at www.conduent.com.

Non-GAAP 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 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. 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 supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decision. These non-GAAP measures are among the primarily 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. Refer to the "Non-GAAP Financial Measures" section attached to this release for a discussion of these non-GAAP measures and their reconciliation to the reported GAAP measures.

Forward Looking Statements

This report and any exhibits to this Report may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect Management's current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include, but are not limited to: termination rights contained in our government contracts; our ability to renew commercial and government contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our ability to attract and retain necessary technical personnel and qualified subcontractors; our ability to deliver on our contractual obligations properly and on time; competitive pressures; our significant indebtedness; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; claims of infringement of third-party intellectual property rights; the failure to comply with laws relating to individually identifiable information, and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our security systems and service interruptions; our ability to estimate the scope of work or the costs of performance in our contracts; our ability to collect our receivables for unbilled services; a decline in revenues from or a loss or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to attract and retain key employees; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings; our ability to receive dividends or other payments from our subsidiaries; changes in tax and other laws and regulations; changes in government regulation and economic, strategic, political and social conditions; changes in U.S. GAAP or other applicable accounting policies; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections in our 2016 Annual Report on Form 10-K filed with the Securities and Exchange Commission. Any forward-looking statements made by us in this report speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

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EXHIBIT 99.1

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

	Three Months Ended March 31,			
(in millions, except per-share data)	2017		2016	
Revenues				
Revenue	$	1,542	$	1,673
Related party		11		12
Total Revenues	$	1,553	$	1,685
Costs and Expenses				
Cost of service	$	1,287	$	1,412
Related party cost of services		7		9
Research and development		4		10
Selling, administrative and general		169		183
Restructuring and related costs		18		26
Amortization of intangible assets		61		75
Interest expense		36		1
Related party interest		—		10
Separation costs		5		3
Other (income) expenses, net		(12)		10
Total Costs and Expenses		1,575		1,739
Loss Before Income Taxes		(22)		(54)
Income tax benefit		(12)		(31)
Loss from Continuing Operations		(10)		(23)
Income from discontinued operations, net of tax		4		—
Net Loss	$	(6)	$	(23)
Basic Earnings (Loss) per Share:				
Continuing operations	$	(0.06)	$	(0.12)
Discontinued operations		0.02		—
Total Basic Loss per Share	$	(0.04)	$	(0.12)
Diluted Earnings (Loss) per Share:				
Continuing operations	$	(0.06)	$	(0.12)
Discontinued operations		0.02		—
Total Diluted Loss per Share	$	(0.04)	$	(0.12)

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)	March 31, 2017	December 31, 2016
Assets		
Cash and cash equivalents	$ 255	$ 390
Accounts receivable, net	1,408	1,286
Net receivable from former parent company	41	—
Other current assets	270	241
Total current assets	1,974	1,917
Land, buildings and equipment, net	276	283
Intangible assets, net	1,083	1,144
Goodwill	3,899	3,889
Other long-term assets	462	476
Total Assets	$ 7,694	$ 7,709
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 43	$ 28
Accounts payable	130	164
Accrued compensation and benefits costs	257	269
Unearned income	212	206
Net payable to former parent company	—	124
Other current liabilities	603	611
Total current liabilities	1,245	1,402
Long-term debt	2,072	1,913
Pension and other benefit liabilities	172	172
Deferred taxes	616	619
Other long-term liabilities	148	173
Total Liabilities	4,253	4,279
Series A Convertible Preferred Stock	142	142
Common Stock	2	2
Additional paid-in-capital	3,816	3,812
Retained deficit	(8)	—
Accumulated other comprehensive loss	(511)	(526)
Total Equity	3,299	3,288
Total Liabilities and Equity	$ 7,694	$ 7,709
Shares of common stock issued and outstanding	203,640	202,875
Shares of Series A convertible preferred stock issued and outstanding	120	120

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cash Flows from Operating Activities:		
Net loss	$ (6)	$ (23)
Adjustments required to reconcile net loss to cash flows from operating activities:		
Depreciation and amortization	125	148
Provision for receivables	—	2
Deferred tax (benefit) expense	(6)	5
Gain on investments	(3)	—
Amortization of debt financing costs	2	—
Net gain on sales of businesses and assets	(7)	—
Stock-based compensation	6	4
Restructuring and related charges	12	25
Payments for restructuring	(9)	(7)
Contributions to defined benefit pension plans	(2)	(2)
Increase in accounts receivable	(110)	(141)
Increase in other current and long-term assets	(33)	(26)
Decrease in accounts payable and accrued compensation	(49)	(66)
Decrease in other current and long-term liabilities	(17)	(11)
Net change in income tax assets and liabilities	(9)	(25)
Net cash used in operating activities	(106)	(117)
Cash Flows from Investing Activities:		
Cost of additions to land, buildings and equipment	(17)	(30)
Cost of additions to internal use software	(8)	(9)
Proceeds from sale of businesses, net of adjustments	—	(56)
Net payments on related party notes receivable	—	(3)
Other investing	—	1
Net cash used in investing activities	(25)	(97)
Cash Flows from Financing Activities:		
Proceeds on long term debt, net of issuance costs	305	2
Payments on debt	(144)	(6)
Net proceeds on related party notes payable	—	9
Net (payments) to, transfers from former parent	(161)	211
Proceeds from exercise of stock options	2	—
Dividends paid on preferred stock	(2)	—
Other financing	(6)	—
Net cash (used in) provided by financing activities	(6)	216
Effect of exchange rate changes on cash and cash equivalents	2	1
(Decrease) increase in cash and cash equivalents	(135)	3
Cash and cash equivalents at beginning of period	390	140
Cash and Cash Equivalents at End of Period	$ 255	$ 143

Non-GAAP Financial Measures

We have reported our financial results in accordance with U.S. GAAP. In addition, we have discussed our 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. 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.

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

These reconciliations also include the income tax effects for our non-GAAP performance measures in total, to the extent applicable. The income tax effects are calculated under the same accounting principles as applied to our reported pre-tax performance measures under ASC 740, which employs an annual effective tax rate method. The noted income tax effect for our non-GAAP performance measures is effectively the difference in income taxes for reported and adjusted pre-tax income calculated under the annual effective tax rate method.

Adjusted Net Income (Loss) and Adjusted Earnings per Share and Adjusted Effective Tax Rate

We make adjustments to Income (Loss) before Income Taxes for the following items, for the purpose of calculating Adjusted Net Income (Loss), Adjusted Earnings per Share and Adjusted Effective Tax Rate:

- Amortization of 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.
- Other (income) expenses, net. Other (income) expenses, net includes losses (gains) on sales of business and assets, 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.

Adjusted Costs and Expenses and Margin - Adjusted Operating Income

We make adjustments to Costs and Expenses and Margin for the following items, for the purpose of calculating Adjusted Operating Income:

- Amortization of 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.
- Related Party Interest. Interest payments to former parent.
- Other (income) expenses, net. Other (income) expenses, net includes losses (gains) on sales of business and assets, currency (gains) losses, net, litigation matters and all other (income) expenses, net.
- NY MMIS. Costs associated with the company not fully completing the State of New York Health Enterprise platform project.
- HE charge. Costs associated with not fully completing the Health Enterprise Medical platform implementation projects in California and Montana.

Adjusted EBITDA

We use Adjusted EBITDA to provide additional information that is useful to understand the financial covenants contained in the Company's credit facility and indenture. We also use Adjusted EBITDA as an additional way of assessing certain aspects of our operations that, when viewed with the GAAP results and the accompanying reconciliations to corresponding GAAP financial measures, provide a more complete understanding of our core business. Adjusted EBITDA represents income (loss) before income taxes adjusted for the following items:

- Amortization of 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.
- Related party interest. Interest payments to former parent.
- Other (income) expenses, net. Other (income) expenses, net includes losses (gains) on sales of business and assets, currency (gains) losses, net, litigation matters and all other (income) expenses, net.
- NY MMIS. Costs associated with the company not fully completing the State of New York Health Enterprise platform project.
- HE charge. Costs associated with not fully completing the Health Enterprise Medical platform implementation projects in California and Montana.

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 performances and are not necessarily comparable to similarly-titled measures reported by other companies. Management cautions that amounts presented in accordance with Conduent's definition of Adjusted EBITDA may not be comparable to similar measures disclosed by other companies because not all companies calculate Adjusted EBITDA in the same manner.

Constant Currency

To better understand trends in our business, we believe that it is helpful to adjust revenue to exclude the impact of changes in the translation of foreign currencies into U.S. Dollars. We refer to this adjusted revenue as “constant currency.” Currency impact is the difference between actual growth rates and constant currency growth rates.

Net Income (Loss) and EPS Reconciliation:

(in millions, except earnings per share)	Three Months Ended March 31, 2017 Net Income (Loss)	Three Months Ended March 31, 2017 EPS	Three Months Ended March 31, 2016 Net Income (Loss)	Three Months Ended March 31, 2016 EPS
Reported from Continuing operations	$ (10)	$ (0.06)	$ (23)	$ (0.12)
Adjustments:				
Amortization of intangible assets	61		75	
NY MMIS	8		—	
Restructuring and related costs	18		26	
HE charge	(5)		—	
Separation costs	5		3	
Other (income) expenses, net	(12)		10	
Less: Income tax adjustments(1)	(30)		(44)	
Adjusted	$ 35	$ 0.16	$ 47	$ 0.22

(1) *Reflects the income tax (expense) benefit of the adjustments. Refer to Effective Tax Rate reconciliation below for details.*

Effective Tax Rate Reconciliation:

(in millions)	Three Months Ended March 31, 2017 Pre-Tax Income (Loss)	Income Tax Expense (Benefit)(2)	Effective Tax Rate	Three Months Ended March 31, 2016 Pre-Tax Income (Loss)	Income Tax Expense (Benefit)(2)	Effective Tax Rate
Reported from continuing operations	$ (22)	$ (12)	54.5%	$ (54)	$ (31)	57.4%
Non-GAAP Adjustments(1)	75	30		114	44	
Adjusted	$ 53	$ 18	34.0%	$ 60	$ 13	21.7%

(1) *Refer to Net Income (Loss) reconciliation for details.*
(2) *The tax impact of Adjusted Pre-Tax Income (Loss) from continuing operations is calculated under the same accounting principles applied to the As Reported Pre-Tax Income under ASC 740, which employs an annual effective tax rate method to the results.*

Operating Income / Margin Reconciliation:

(in millions)	Three Months Ended March 31, 2017 Profit (Loss)	Revenue	Margin	Three Months Ended March 31, 2016 Profit (Loss)	Revenue	Margin
Reported Pre-tax Loss(1)	$ (22)	$ 1,553	(1.4)%	$ (54)	1,685	(3.2)%
Adjustments:						
Amortization of intangible assets	61			75		
NY MMIS	8			—		
Restructuring and related costs	18			26		
HE charge	(5)			—		
Separation costs	5			3		
Interest(2)	36			11		
Other (income) expenses, net	(12)			10		
Adjusted Operating Income/Margin	$ 89	$ 1,553	5.7 %	$ 71	$ 1,685	4.2 %

(1) *Pre-Tax Loss and revenue from continuing operations.*
(2) *Includes related party interest of $0 million and $10 million in the three months ended March 31, 2017 and 2016, respectively.*

EXHIBIT 99.1

Adjusted EBITDA Reconciliation:

(in millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Pre-tax loss as reported from continuing operations	$ (22)	$ (54)
Depreciation	31	32
Amortization	94	118
Restructuring and related costs	18	26
Separation costs	5	3
Interest expense	36	1
Related party interest	—	10
NY MMIS	8	—
HE charge	(5)	—
Other (income) expenses, net	(12)	10
Adjusted EBITDA	$ 153	$ 146
Adjusted EBITDA Margin	9.9%	8.7%

May 10, 2017

Conduent
Q1 2017 Earnings Results

Cautionary Statements

Forward-Looking Statements

This report 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:

- government regulation, economic, strategic, political and social conditions;
- competitive pressures;
- changes in interest in outsourced business process services;
- our ability to obtain adequate pricing for our services and to improve our cost structure;
- the effects of any acquisitions, joint ventures and divestitures by us;
- our ability to attract and retain key employees;
- our ability to attract and retain necessary technical personnel and qualified subcontractors;
- termination right, audits and investigations associated with government contracts;
- a decline in revenues from or a loss or failure of significant clients;
- our ability to estimate the scope of work or the costs of performance in our contracts;
- 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 deliver on our contractual obligations properly and on time;
- our ability to renew commercial and government contracts awarded through competitive bidding processes;
- increases in the cost of telephone and data services or significant interruptions in such services;
- changes in tax and other laws and regulations;
- increased volatility or decreased liquidity in the capital markets, including any limitation on our ability to access the capital markets for debt securities, refinance our outstanding indebtedness or obtain bank financing on acceptable terms;
- the impact of terrorist acts, hostilities, natural disasters (including extreme weather) and pandemic viruses;
- changes in foreign exchange rates;
- our lack of an operating history as an independent publicly traded company;
- changes in U.S. GAAP or other applicable accounting policies;
- and the other risks and uncertainties detailed in the section titled “Risk Factors”, 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 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 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. 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 herein.

Q1 2017 Overview

CONDUENT

Key Highlights

- On target for continued adjusted EBITDA growth and margin improvement as guided on Q4 2016 call
- Strategically repriced Term Loan B
- Successfully stood up new company and most corporate functions in 90 days
- Streamlining operations and go-to-market strategy
- Focused on establishing "One Conduent" culture
- Strategic transformation remains on track

Revenue	Profitability	Adjusted[2] EBITDA
$1,553M, down (8)% yr/yr Constant currency[1] down (7%) yr/yr	Adjusted[2] operating margin 5.7%, up 150 bps yr/yr GAAP EPS loss ($0.06) Adjusted[2] EPS $0.16	$153M, grew 5% yr/yr Adjusted EBITDA margin 9.9%, up 120 bps from Q1' 16

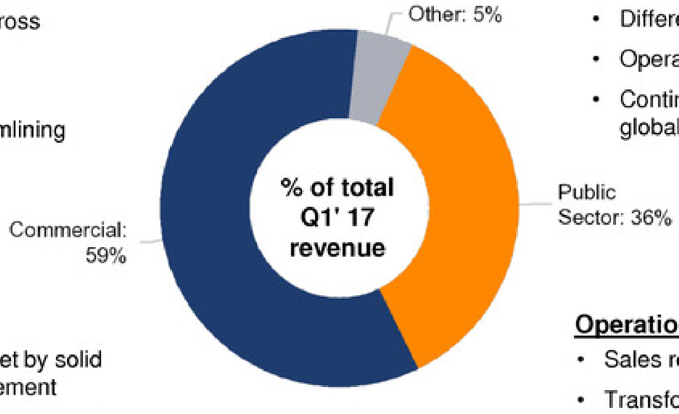
[1] Constant currency based on foreign exchange rates as of the prior-year period
[2] Please refer to Appendix for Non-GAAP reconciliations of adjusted operating income/margin, adjusted EBITDA/margin and adjusted EPS

Segments & Operational Highlights

CONDUENT

Commercial

- Revenue decline as expected, segment margin up yr/yr
- Diversified book of business across both verticals and service lines
- Leadership hires
- Focus on profitability and streamlining



Public Sector

- Revenue decline as expected, segment margin up yr/yr
- Differentiated technology platforms
- Operating in all 50 States
- Continued focus on key geographies globally

Other

- Revenue run-off continues, offset by solid progress on profitability improvement
- On track for break-even faster than initial expectations
- Maintaining disciplined approach

Operational Highlights

- Sales refresh ongoing
- Transformation on track:
  - Real-estate optimization well-underway
  - IT rationalization and investment in cutting edge technology; vendor optimization

Bookings & Renewal Rate

CONDUENT

$931M

Total Contract Value (TCV) Signings

- Total TCV down 37% yr/yr
- New Business: $530M reflects more disciplined and purposeful sales approach
- Renewals: $401M reflects lower overall renewal opportunities vs. Q1 2016

92%

Renewal Rate[1]

- Reflects opportunities of acceptable margin and risk
- Continued focus on improving quality of revenue
- Strong account management and building deeper client relationships

$143M

Annual Recurring Revenue (ARR) Signings

- Positive momentum, up 11% yr/yr led by wins in Hi-Tech, Industrial and Retail vertical

$92M

Non-Recurring Revenue (NRR) Signings

- Up 12% versus Q1 2016

[1]Renewal rate is defined as the annual recurring revenue (ARR) on contracts that are renewed during the period as a percentage of ARR on all contracts for which a renewal decision was made during the period (excluding contracts for which a strategic decision to not renew was made based on risk or profitability). See Appendix slide 18 for historical renewal rate.

Facets of Change

CONDUENT

	From	To
1. Client Relationships	Mile-wide, Inch deep	Inch-wide, Mile Deep
2. Workplace and Culture	Disparate	Unified
3. Infrastructure	Fragmented	Integrated
4. Reputation and Brand	Unknown	Respected
5. Operations, Process, Information	Diverse, Antiquated	Modern, Cutting Edge

Financials

Q1 2017 Earnings

(in millions)	Q1 2016	Q1 2017	B/(W) Yr/Yr	Comments
Revenue	$1,685	$1,553	($132)	Decline given lower volumes, contract losses and NY MMIS
Gross margin	*15.7%*	*16.7%*	*100 bps*	
SAG	183	169	$14	Reflects strategic transformation efforts
Adjusted operating income[1]	**71**	**89**	**$18**	
Adjusted operating margin[1]	***4.2%***	***5.7%***	***150 bps***	
Adjusted EBITDA[1]	**$146**	**$153**	**$7**	
Adjusted EBITDA margin[1]	***8.7%***	***9.9%***	***120 bps***	
Amortization of intangible assets	$75	$61	$14	Prior year write-off related to acquisition
Restructuring and related costs	26	18	8	
Interest expense[2]	11	36	(25)	
Separation costs	3	5	(2)	
Other net expense (income)	10	(12)	22	Favorable litigation outcomes
Pretax loss	**($54)**	**($22)**	$32	
GAAP EPS loss from continuing operations	**($0.12)**	**($0.06)**	**$0.06**	
Adjusted net income[1]	$47	$35	($12)	Impacted by higher interest expense
Adjusted tax rate[1]	21.7%	34.0%	*(123 bps)*	
Adjusted EPS[1]	**$0.22**	**$0.16**	**($0.06)**	
Weighted avg. shares outstanding	203	203		
Adjusted weighted average shares outstanding	211	206		

[1]Please refer to Appendix for Non-GAAP reconciliations of adjusted operating income/margin, adjusted EBITDA/margin, adjusted tax rate, adjusted net income and adjusted EPS
[2]Q1 2016 Interest expense include $10M in Related-party interest

Commercial Segment

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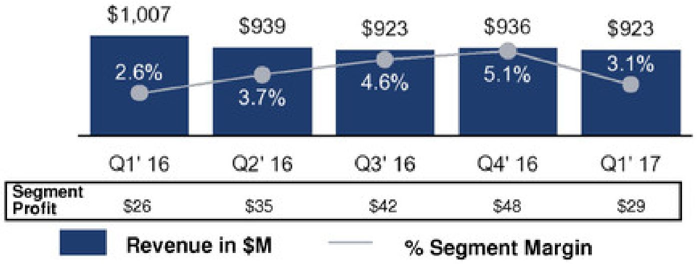
Segment Highlights

- Revenue decline impacted by contract run-off and lower volumes across the Healthcare Payer, Comms & Media and Hi-Tech verticals
- Qtr/Qtr margin decline reflects normal seasonality
- Profitability improvement remains a strategic priority

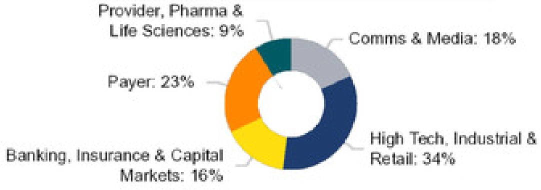
($ in millions)	Q1' 16	Q1' 17	Yr/Yr
Revenue	$1,007	$923	(8%)
Segment Profit	26	29	12%
Segment Margin %	2.6%	3.1%	50 bps

Quarterly Revenue and Profit

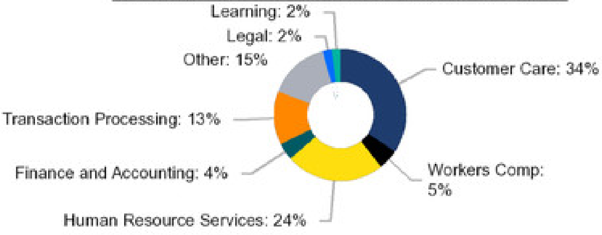


Note: Prior year period results have been adjusted to reflect new segment reporting as of Q1 2017

Revenue By Vertical (% of segment total)



Revenue By Service Line (% of segment total)



Public Sector Segment

($ in millions)	Q1' 16	Q1' 17	Yr/Yr
Revenue	$571	$549	(4%)
Segment Profit	61	61	—%
Segment Profit Margin %	10.7%	11.1%	40 bps

Segment Highlights

- Revenue decline driven by State & Local and Government Healthcare partially offset by growth in Transportation
- Yr/Yr margin improvement reflects transformation savings

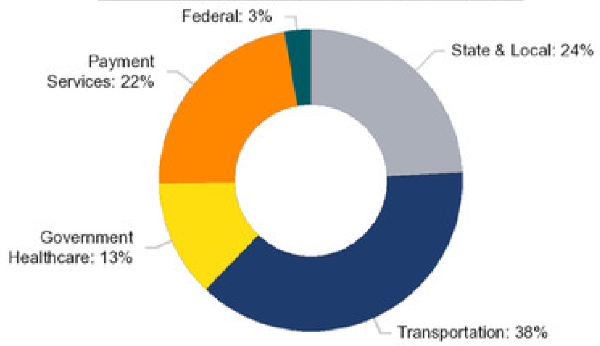
Quarterly Revenue and Profit

Segment Profit	$61	$78	$78	$76	$61

Revenue in $M — % Segment Margin

Note: Prior year period results have been adjusted to reflect new segment reporting as of Q1 2017

Revenue By Business (% of segment total)



Other Segment

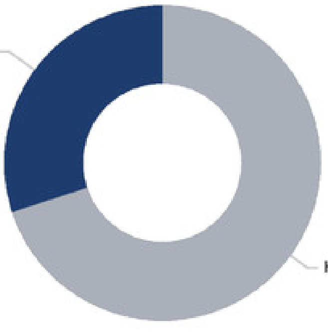
CONDUENT

($ in millions)	Q1' 16	Q1' 17	Yr/Yr
Revenue	$107	$81	(24%)
Segment Loss[1]	(16)	(1)	NM
Segment Margin %	(15.0%)	(1.2%)	1,380 bps

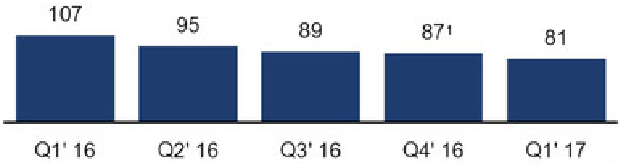
Segment Highlights

- Improvement across both the Education business and Health Enterprise driven by NY MMIS
- Expect quarterly variability given nature of the portfolio
- Solid progress to-date but still work to be done

Revenue By Vertical (% of segment total)



Quarterly Revenue and Profit



	Q1' 16	Q2' 16	Q3' 16	Q4' 16	Q1' 17
Segment loss[1]	($16)	($36)	($23)	($12)	($1)

[1]Please refer to Appendix for Non-GAAP reconciliations of adjusted revenue and adjusted operating income/margin
Note: Prior year period results have be adjusted to reflect new segment reporting as of Q1 2017

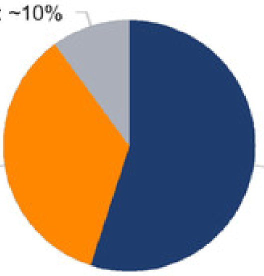
Strategic Transformation

Progress and Outlook

- Transformation program remains on track
- 2017 priorities include driving operational efficiency, right-sizing our real-estate footprint and optimizing our G&A spend
- Contract remediation a key opportunity as we remain focused on quality over quantity
- Moving forward, will continue to balance reinvestment and margin expansion to meet 2017 and long-term financial goals

($ in millions)	Savings
FY 2017 Cumulative Target	~$430
FY 2018 Cumulative Target	~$700

Sources of Transformation Savings Through FY 2018



CONDUENT

Cash Flow

(in millions)	Q1 2016	Q1 2017
Net loss	**($23)**	**($6)**
Depreciation & amortization	148	125
Goodwill impairment	—	—
Stock-based compensation	4	6
Restructuring payments	(7)	(9)
Restructuring and related costs	25	12
Change for income tax assets and liabilities	(25)	(9)
Change in net working capital	(244)	(209)
Other[1]	5	(16)
Operating Cash Flow	**($117)**	**($106)**
Net purchase of LB&E[2] and other	(39)	(25)
Net proceeds from investments, net of adjustments	(56)	—
Net payments on related party notes receivable	(3)	—
Other investing	1	—
Investing Cash Flow	**($97)**	**($25)**
Cash from Financing	**$216**	**($6)**
Effect of exchange rates on cash and cash equivalents	1	2
Beginning cash and cash equivalents	140	390
Change in cash and cash equivalents	3	(135)
Ending Cash and Cash Equivalents	**$143**	**$255**
Memo: Free Cash Flow[3]	**($156)**	**($136)**

- **Q1 2017 Commentary:**
- Working capital use of ($209M) in-line normal seasonality
- Capex ~1.5% of revenue but still expecting ~2.5% for full-year
- Cash from financing includes:
  - Net debt increase of $174M

[1]Includes deferred tax expense, gain (loss) investments, amortization of financing costs, contributions to defined benefit pension plans, and Other operating, net
[2]Includes cost of additions to land, building and equipment (LB&E) and internal use software
[3]Free cash flow is defined as operating cash flow less cost of additions to land, building and equipment and internal use software as well as cost of capital lease initiations of $5M for Q1 2017.

Capital Structure Overview

CONDUENT

Debt Structure ($ in millions)

	12/31/2016	3/31/2017
Cash	**$390**	**$255**
Total Debt[1]	**1,941**	**2,115**
Term Loan A[2, 5] due 2021	694	699
Term Loan B[2] due 2023	750	848
10.5% Senior Notes due 2024	510	510
Revolving Credit Facility[3] due 2021	0	70
Capital Leases	43	42
Current net leverage ratio[4]	2.4x	2.9x

[1] Total debt excludes deferred financing costs
[2] Revolving credit facility and Term Loan A interest rate is Libor + 225 bps; Term Loan B is Libor + 400 bps effective April 7, 2017
[3] $663M of available capacity under Revolving Credit Facility as of 3/31/2017
[4] Net debt (total debt less cash) divided by TTM adjusted EBITDA
[5] Includes initial EUR 260M borrowing converted at end of quarter exchange rates

Credit Metrics / Statistics

Expected annual interest expense	**~$145M**
Preferred dividend (annually)	*~$10M*
Target net leverage ratio	<2.5x
Average remaining maturity on outstanding debt	~6 years

Key Messages

- Term Loan B repricing expected to reduce interest expense by ~$12M annually
- As previously disclosed, cash payment of $161M made to Xerox and additional $100M Term Loan B issuance in January 2017
- Revolver draw of $70M as expected given working capital seasonality
- Still targeting to reduce leverage ratio over time with Adjusted EBITDA growth and required debt payments

2017 Guidance

	FY 2016	FY 2017E
Revenue	$6.408B	Down 4.5-6.5% (CC[1])
Adjusted EBITDA	$635M	Up 5-6%
Free Cash Flow	($81M)	20-30% of Adj. EBITDA

[1] Constant currency based on foreign exchange rates as of the prior-year period

Q&A

Appendix

Bookings & Renewal Rate

CONDUENT

($ in millions)	Q1' 16	Q2' 16	Q3' 16	Q4' 16	Q1' 17
Total Contract Value	**$1,488**	**$2,158**	**$1,546**	**$1,660**	**$931**
New Business	*643*	*527*	*633*	*724*	*530*
Renewals	*845*	*1,631*	*913*	*936*	*401*
Annual recurring revenue bookings	**$129**	**$112**	**$166**	**$182**	**$143**
Non-recurring revenue bookings	**$83**	**$140**	**$104**	**$111**	**$92**
Renewal rate	**89%**	**88%**	**89%**	**85%**	**92%**
Renewal rate (previous methodology)	89%	84%	83%	82%	80%

Non-GAAP Financial Measures

Non-GAAP Financial Measures

We have reported our financial results in accordance with U.S. generally accepted accounting principles (GAAP). In addition, we have discussed our financial results using the non-GAAP measures. 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. 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.

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.

These reconciliations also include the income tax effects for our non-GAAP performance measures in total, to the extent applicable. The income tax effects are calculated under the same accounting principles as applied to our reported pre-tax performance measures under ASC 740, which employs an annual effective tax rate method. The noted income tax effect for our non-GAAP performance measures is effectively the difference in income taxes for reported and adjusted pre-tax income calculated under the annual effective tax rate method.

Adjusted Net Income (Loss), Adjusted Earnings per Share and Adjusted Effective Tax Rate.

We make adjustments to Income (Loss) before Income Taxes for the following items, for the purpose of calculating Adjusted Net Income (Loss), Adjusted Earnings per Share and Adjusted Effective Tax Rate:

- Amortization of 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.
- Other (income) expenses net. Other (income) expenses, net includes losses (gains) on sales of business and assets, 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) associated with not fully completing the Health Enterprise Medical platform implementation projects in California and Montana.

Costs and Expenses and Margin - Adjusted Operating Income.

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

- Amortization of 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.
- Related Party Interest. Interest payments to former parent.
- Other (income) expenses, net. Other (income) expenses, net includes losses (gains) on sales of business and assets, currency (gains) losses, net, litigation matters and all other (income) expenses, net.
- NY MMIS. Costs associated with the company not fully completing the State of New York Health Enterprise platform project.
- HE charge. Costs associated with not fully completing the Health Enterprise Medical platform implementation projects in California and Montana.

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Non-GAAP Financial Measures

Adjusted EBITDA

We use Adjusted EBITDA 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 core business. We also use Adjusted EBITDA to provide additional information that is useful to understand the financial covenants contained in the Company's credit facility and indenture. Adjusted EBITDA represents Income (loss) before Income Taxes adjusted for the following items (which are defined above):

- Goodwill impairment charge. During the fourth quarter 2016, we performed our annual goodwill impairment test which resulted in a non-cash impairment charge of $935 million in our Commercial Industries reporting unit.
- Amortization of 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.
- Related Party Interest. Includes interest payments to former parent.
- Other (income) expenses, net. Other (income) expenses, net includes losses (gains) on sales of business and assets, currency (gains) losses, net, litigation matters and all 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. Costs associated with not fully completing the Health Enterprise Medical platform implementation projects in California and Montana.

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 and is not necessarily comparable to similarly-titled measures reported by other companies. Management cautions that amounts presented in accordance with Conduent's definition of Adjusted EBITDA may not be comparable to similar measures disclosed by other companies because not all companies calculate Adjusted EBITDA in the same manner.

Adjusted Other Segment Revenue and Profit

We adjusted Other 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 and capital lease additions. 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 for the three months ended March 31, 2017, reconciled for each such period to cash flow provided by operating activities, which we believe to be the most directly comparable measure under U.S. GAAP.

Constant Currency

To better understand trends in our business, we believe that it is helpful to adjust revenue to exclude the impact of changes in the translation of foreign currencies into U.S. Dollars. We refer to this adjusted revenue as "constant currency." Currency impact can be determined as the difference between actual growth rates and constant currency growth rates.

Non-GAAP Reconciliation: Net Income (Loss) & EPS

(in millions, except EPS)	Three Months Ended March 31, 2017		Three Months Ended March 31, 2016	
	Net Income (Loss)	EPS	Net Income (Loss)	EPS
Reported from Continuing operations	$ (10)	$ (0.06)	$ (23)	$ (0.12)
Adjustments:				
Amortization of intangible assets	61		75	
NY MMIS	8		—	
Restructuring and related costs	18		26	
HE charge	(5)		—	
Separation costs	5		3	
Other (income) expenses, net	(12)		10	
Less: income tax adjustments[1]	(30)		(44)	
Adjusted	$ 35	$ 0.16	$ 47	$ 0.22

(1) Reflects the income tax (expense) benefit of the adjustments. Refer to Effective Tax Rate reconciliation for more details.

Non-GAAP Reconciliation: Effective Tax Rate

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(in millions)	Three Months Ended March 31, 2017 Pre-Tax Income (Loss)	Three Months Ended March 31, 2017 Income Tax Expense (Benefit)[2]	Three Months Ended March 31, 2017 Effective Tax Rate	Three Months Ended March 31, 2016 Pre-Tax Income (Loss)	Three Months Ended March 31, 2016 Income Tax Expense (Benefit)[2]	Three Months Ended March 31, 2016 Effective Tax Rate
Reported from Continuing operations	$ (22)	$ (12)	54.5%	$ (54)	$ (31)	57.4%
Non-Gaap adjustments[1]	75	30		114	44	
Adjusted	$ 53	$ 18	34.0%	$ 60	$ 13	21.7%

(1) Refer to Net Income (Loss) reconciliation for details.

(2) The tax impact of Adjusted Pre-Tax Income (Loss) from continuing operations is calculated under the same accounting principles applied to the As Reported Pre-Tax Income under ASC 740, which employs an annual effective tax rate method to the results.

Non-GAAP Reconciliation: Operating Income / Margin

CONDUENT

(in millions)	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Reported Revenue	$ 1,553	$ 1,514	$ 1,596	$ 1,613	$ 1,685
Reported Pre-tax Loss(1)	(22)	(1,141)	2	(34)	(54)
Reported Margin	*(1.4)%*	*(75.4)%*	*0.1%*	*(2.1)%*	*(3.2)%*
Reported Revenue	$ 1,553	$ 1,514	$ 1,596	$ 1,613	$ 1,685
NY MMIS adjustment	—	83	—	—	—
Adjusted Revenue	$ 1,553	$ 1,597	$ 1,596	$ 1,613	$ 1,685
Reported Pre-tax Loss(1)	(22)	(1,141)	2	(34)	(54)
Adjustments:					
Amortization of intangible assets	61	80	63	62	75
Goodwill impairment	—	935	—	—	—
NY MMIS	8	161	—	—	—
Restructuring & related costs	18	44	8	23	26
HE charge	(5)	—	—	—	—
Separation costs	5	10	15	16	3
Interest expense	36	11	1	1	1
Related party interest	—	(4)	10	10	10
Other (income) expenses, net	(12)	13	(2)	(1)	10
Adjusted Operating Income	$ 89	$ 109	$ 97	$ 77	$ 71
Adjusted Margin	*5.7%*	*6.8%*	*6.1%*	*4.8%*	*4.2%*

(1) *Pre-Tax Loss and revenue from continuing operations.*

Non-GAAP Reconciliation: Adjusted EBITDA

CONDUENT

(in millions)	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Pre-tax loss as reported from continuing operations	$ (22)	$ (1,141)	$ 2	$ (34)	$ (54)
Depreciation	31	36	31	29	32
Amortization	94	159	104	104	118
Goodwill impairment	—	935	—	—	
Restructuring and related costs	18	44	8	23	26
Separation costs	5	10	15	16	3
Interest expense	36	11	1	1	1
Related party interest	—	(4)	10	10	10
NY MMIS	8	161	—	—	—
NY MMIS depreciation	—	(52)	—	—	—
HE charge	(5)	—	—	—	—
Other (income) expenses, net	(12)	13	(2)	(1)	10
Adjusted EBITDA	$ 153	$ 172	$ 169	$ 148	$ 146
Adjusted EBITDA Margin	9.9%	10.7%	10.6%	9.2%	8.7%

Non-GAAP Reconciliation: Other Segment Revenue, Profit (Loss) and Margin

	Three Months Ended March 31, 2017			Three Months Ended December 31, 2016		
(in millions)	Revenue	Loss	Margin	Revenue	Loss	Margin
Reported from continuing operations	$ 81	$ (4)	(4.9)%	$ 4	$ (173)	n/a
Adjustments:						
NY MMIS	—	8		83	161	
HE charge	—	(5)		—	—	
Adjusted	$ 81	$ (1)	(1.2)%	$ 87	$ (12)	(13.8)%

Note: Prior year period results have be adjusted to reflect new segment reporting as of Q1 2017

Non-GAAP Reconciliation: Free Cash Flow

(in millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Operating Cash Flow	$ (106)	$ (117)
Cost of additions to land, buildings & equipment	(17)	(30)
Cost of additions to internal use software	(8)	(9)
Vendor financed capital leases	(5)	—
Free Cash Flow	**$ (136)**	**$ (156)**