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 07, 2020

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

New York	001-37817	81-2983623
(State or other jurisdiction of incorporation or organization)	(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. ☐

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

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

Item 2.02. Results of Operations and Financial Condition.

On May 07, 2020, Registrant released its first quarter 2020 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 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.

Item 7.01. Regulation FD Disclosure.

On May 07, 2020, Registrant conducted an earnings call regarding its 2020 first quarter results and is furnishing to the Securities and Exchange Commission a copy of the presentation used during the earnings call as Exhibit 99.2 to this Report under Item 7.01 of Form 8-K.

The information contained in Item 7.01 of this Report and in 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 2020 earnings press release dated May 7, 2020
99.2	Registrant's investor presentation dated May 7, 2020
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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,” "aim," “should,” "continue to," 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. 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. These forward-looking statements are also subject to the significant continuing impact of the novel coronavirus (COVID-19) pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are highly uncertain and cannot be predicted.

Important factors and uncertainties that could cause our actual results to differ materially from those in our forward-looking statements include, but are not limited to: the impact of the ongoing COVID-19 pandemic; government appropriations and termination rights contained in our government contracts; risk and impact of potential goodwill and other asset impairments; our ability to renew commercial and government contracts, including contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our 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; risk and impact of geographical events, natural disasters and other factors (such as pandemics) in a particular country or region on our workforce, customers and vendors; 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 information systems or security systems or any service interruptions; our ability to estimate the scope of work or the costs of performance in our contracts; our continuing emphasis on and shift toward technology-led digital transactions; customer decision-making cycles and lead time for customer commitments; our ability to collect our receivables, including those for unbilled services; a decline in revenues from, or a loss of, or a reduction in business from or failure of significant clients; fluctuations in our non-recurring revenue; 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 modernize our information technology infrastructure and consolidate data centers; our ability to comply with data security standards; 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; 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 Annual Reports on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with or furnished to 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 07, 2020

CONDUENT INCORPORATED

By:	***/s/ MARIO A. POMPEO***
	Mario A. Pompeo
	Vice President and Chief Accounting Officer

News from Conduent

Conduent Incorporated
100 Campus Drive, Suite 200
Florham Park, NJ 07932
www.conduent.com

Conduent Reports First Quarter 2020 Results; Provides Business Update Amidst COVID-19

Key Highlights

- Revenue above Company expectations despite COVID-19 impact
- Business continuity planning successful with approximately 75% of associates working-from-home
- Continuing to serve as trusted partner and meet client expectations throughout the crisis
- Increased health and safety measures for associates
- Adapting transformation plan beginning with immediate focus on post-COVID-19 cost savings initiatives
- Increased new business signings by 44% vs Q1 2019

FLORHAM PARK, NJ, May 7, 2020 - Conduent (NASDAQ: CNDT), a business process services and solutions company, today announced its first quarter 2020 financial results.

Cliff Skelton, Conduent CEO, stated “Throughout this global crisis, we have continued to provide critical services to our clients, while ensuring the health and safety of our associates and keeping our company strong. We have been able to move approximately 75% of our associates to a remote work environment amidst the COVID-19 crisis while meeting very important commitments to our clients and their millions of end-users. In addition, while we are operating in this new hybrid environment, we have been able to implement measures recommended by the CDC and the WHO for those performing essential work in our facilities, while at the same time continuing to deliver at service levels expected by our clients, evidenced by client feedback and our operating performance.” Skelton continued, “Meanwhile, we understand that these are very trying times for many, including our associates who have been exemplary throughout this crisis. We want to extend our best wishes and concerns to our many stakeholders and partners who may have been adversely affected. We remain confident that while likely different, a new and even better horizon is around the corner.”

Q1 2020 Performance Commentary

The Company’s business continuity program enabled teams to respond quickly to COVID-19 impacts and ensure sustained client delivery. However Q1 2020 performance was impacted by COVID-19 with volume reductions in our Transportation, Transaction Processing, and Customer Experience solutions resulting in an approximately $14 million revenue impact. Conduent expects this volume pressure and associated profit impacts to continue in Q2 2020. The Q1 2020 COVID-19 impacts were partially offset by volume increases in the Government Healthcare and Payments businesses and the Company expects these volume tailwinds to continue in Q2 2020 given the scope of the government programs that it supports.

The Company continued to show operational improvement with sustained, meaningful improvement in technology incidents and time to resolution. Conduent is now in the planning stage for migration to the ‘new normal’ operating model, which will allow for maximum workplace flexibility and Real Estate optimization.

Additional highlights from Q1 include strong sales performance with $324 million in new business signings, a 44% increase over Q1 2019, primarily driven by sales to new clients or new capabilities to existing clients.

From a client and partnership point of view, Conduent launched a new COVID-19 version of its Maven disease surveillance and outbreak management platform. Along with hosting partnerships with Amazon Web Services and Microsoft Azure, the platform is being used by public health agencies and could potentially be used by commercial organizations to manage and report on cases and potential exposures of COVID-19. It is also helping these agency professionals save time and resources by streamlining the contact tracing requirements associated with COVID-19.

Conduent is well positioned for improvements in growth, efficiency and quality as the ramp back to normal from the COVID-19 crisis takes place.

Key Financial First Quarter 2020 Results

- Revenue of $1,051 million, down (9.2)% year-over-year.
- Adjusted Revenue, excluding divestitures in Q1 2019, was down (6.3)% year-over-year, or (6.0)% in constant currency.
- Q1 2020 GAAP net loss of $(49) million compared to $(308) million in Q1 2019.
- Adjusted EBITDA, which excludes the impact of divestitures, was $96 million, down year-over-year primarily driven by the decline in revenue, impact of COVID-19 and non-recurring cost items. Adjusted EBITDA margin also excluding divestitures, was 9.1%, down (180) bps year-over-year.
- Pre-tax income was ($51) million compared to ($338) million in Q1 2019.
- Diluted EPS from continuing operations was ($0.24) versus ($1.49) in the same period last year.
- Adjusted diluted EPS from continuing operations was $0.05 compared to $0.14 in Q1 2019.
- Cash outflow from operations was $(192) million during Q1 2020 compared to cash outflows of $(49) million in Q1 2019. Adjusted Free Cash Flow, which excludes the impact of Texas Litigation payment and other adjustments, was an outflow of $(97) million during Q1 2020.
- As a precautionary measure, the Company borrowed $150 million from its revolving credit line in March 2020.

Brian Webb-Walsh, CFO, stated "We ended the quarter with a solid balance sheet and access to additional capital. Our plan is to position the company to weather the current storm, preserve cash, retain clients through improved quality and become more efficient. We are re-focusing our new investment spend this year on projects that drive efficiencies and near-term returns. Our priority is keeping our team safe, while we continue to serve our clients, manage our costs and position Conduent well for the future."

Conference Call

Management will present the results during a conference call and webcast on May 7, 2020 at 6:30 p.m. ET.

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 1-877-883-0383 (international dial-in 1-412-902-6506) at approximately 6:15 p.m. ET. The entry number for this call is 2857061.

A recording of the conference call will be available by calling 1-877-344-7529 or 1-412-317-0088 one hour after the conference call concludes on May 7, 2020. The replay ID is 10142716.

For international calls, please select a dial-in number from: https://services.choruscall.com/ccforms/replay.html.

About Conduent

Conduent delivers mission-critical services and solutions on behalf of businesses and governments – creating exceptional outcomes for its clients and the millions of people who count on them. Through people, process and technology, Conduent solutions and services automate processes, improve efficiencies, reduce costs and enable revenue growth. It's why most Fortune 100 companies and over 500 government entities depend on Conduent every day to manage their essential interactions and move their operations forward.

Conduent's differentiated services and solutions improve experiences for millions of people every day, including two-thirds of all insured patients in the U.S., 11 million employees who use its HR Services, and nearly eleven million traveler transactions through toll systems daily. Conduent's solutions deliver exceptional outcomes for its clients including $17 billion in medical bill savings, up to 40% efficiency increase in HR operations, and up to 40% improvement in processing costs, while driving higher end-user satisfaction. 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 results of the current period against the corresponding prior period. 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 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 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 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 release and any attachments to this release may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” "aim," “should,” "continue to," 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. 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. These forward-looking statements are also subject to the significant continuing impact of the novel coronavirus (COVID-19) pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are highly uncertain and cannot be predicted.

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

(in millions, except per share data)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Revenue	$ 1,051	$ 1,158
Operating Costs and Expenses		
Cost of Services (excluding depreciation and amortization)	832	906
Selling, general and administrative (excluding depreciation and amortization)	116	127
Research and development (excluding depreciation and amortization)	1	3
Depreciation and amortization	117	115
Restructuring and related costs	7	16
Interest expense	17	20
Goodwill impairment	—	284
(Gain) loss on divestitures and transaction costs	4	14
Litigation costs (recoveries), net	6	12
Other (income) expenses, net	2	(1)
Total Operating Costs and Expenses	1,102	1,496
Income (Loss) Before Income Taxes	(51)	(338)
Income tax expense (benefit)	(2)	(30)
Net Income (Loss)	$ (49)	$ (308)
Net Income (Loss) per Share:		
Basic	$ (0.24)	$ (1.49)
Diluted	$ (0.24)	$ (1.49)

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)[(1)]

(in millions)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Net Income (Loss)	$ (49)	$ (308)
Other Comprehensive Income (Loss), Net		
Currency translation adjustments, net	(28)	7
Reclassification of currency translation adjustments on divestitures	—	15
Reclassification of divested benefit plans and other	—	(1)
Unrecognized gains (losses), net	(3)	1
Changes in benefit plans, net	1	—
Other Comprehensive Income (Loss), Net	(30)	22
Comprehensive Income (Loss), Net	$ (79)	$ (286)

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

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)	March 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	$ 395	$ 496
Accounts receivable, net	690	652
Contract assets	169	155
Other current assets	318	283
Total current assets	1,572	1,586
Land, buildings and equipment, net	321	342
Operating lease right-of-use assets	265	271
Intangible assets, net	366	426
Goodwill	1,486	1,502
Other long-term assets	384	387
Total Assets	$ 4,394	$ 4,514
Liabilities and Equity		
Current portion of long-term debt	$ 60	$ 50
Accounts payable	168	198
Accrued compensation and benefits costs	151	174
Unearned income	109	108
Other current liabilities	535	647
Total current liabilities	1,023	1,177
Long-term debt	1,596	1,464
Deferred taxes	108	111
Operating lease liabilities	224	229
Other long-term liabilities	81	91
Total Liabilities	3,032	3,072
Series A convertible preferred stock	142	142
Common stock	2	2
Additional paid-in capital	3,891	3,890
Retained earnings (deficit)	(2,236)	(2,185)
Accumulated other comprehensive loss	(437)	(407)
Total Equity	1,220	1,300
Total Liabilities and Equity	$ 4,394	$ 4,514
Shares of common stock issued and outstanding	209,058	211,511
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, 2020	Three Months Ended March 31, 2019
Cash Flows from Operating Activities:		
Net income (loss)	$ (49)	$ (308)
Adjustments required to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization	117	115
Contract inducement amortization	1	1
Deferred income taxes	(9)	(45)
Goodwill impairment	—	284
(Gain) loss from investments	(1)	(1)
Amortization of debt financing costs	2	2
(Gain) loss on divestitures and transaction costs	4	14
Stock-based compensation	4	7
Changes in operating assets and liabilities	(261)	(117)
Other operating, net	—	(1)
Net cash provided by (used in) operating activities	(192)	(49)
Cash Flows from Investing Activities:		
Cost of additions to land, buildings and equipment	(11)	(53)
Proceeds from sale of land, buildings and equipment	—	1
Cost of additions to internal use software	(13)	(17)
Payments for acquisitions, net of cash acquired	—	(90)
Proceeds (payments) from divestitures, including cash sold	1	(9)
Net cash provided by (used in) investing activities	(23)	(168)
Cash Flows from Financing Activities:		
Proceeds from revolving credit facility	150	—
Payments on debt	(15)	(14)
Taxes paid for settlement of stock based compensation	(3)	(6)
Dividends paid on preferred stock	(2)	(2)
Net cash provided by (used in) financing activities	130	(22)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(7)	2
Increase (decrease) in cash, cash equivalents and restricted cash	(92)	(237)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	505	765
Cash, Cash Equivalents and Restricted Cash at End of period[(1)]	$ 413	$ 528

(1) Includes $18 million and $8 million of restricted cash as of March 31, 2020 and 2019, respectively, that were included in Other current assets on their respective Consolidated Balance Sheets.

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 results of the current period against the corresponding prior period. 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 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 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. The tax effect of the non-GAAP adjustments was calculated based upon evaluation of the statutory tax treatment and the applicable statutory tax rate in the jurisdictions in which such charges were incurred.

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, as applicable to the particular financial measure, for the purpose of calculating Adjusted Net Income (Loss), Adjusted Earnings per Share and Adjusted Effective Tax Rate:

- Amortization of acquired intangible assets. The amortization of acquired intangible assets is driven by acquisition activity, which can vary in size, nature and timing as compared to other companies within our industry and 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.
- Goodwill impairment. This represents Goodwill impairment charge related to the unanticipated losses of certain customer contracts, lower potential future volumes and lower than expected new customer contracts for all reporting units.
- (Gain) loss on divestitures and transaction costs. Represents (gain) loss on divested businesses and transaction costs.
- Litigation costs (recoveries), net. Litigation costs (recoveries), net primarily represents accruals for the State of Texas litigation, Student Loan Service exposures and certain significant terminated contracts that are subject to litigation.
- Other charge (credit). This comprises other (income) expenses, net, and costs associated with the Company not fully completing the State of New York Health Enterprise Platform project and the Health Enterprise Medical platform projects in California and Montana and other adjustments.
- Divestitures. Revenue/(Income) loss from divestitures.

The Company provides adjusted net income and adjusted EPS financial measures to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods, by adjusting for certain items which may be recurring or non-recurring and which in our view do not necessarily reflect ongoing performance. We also internally use these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions.

Management believes that the adjusted effective tax rate, provided as supplemental information, facilitates a comparison by investors of our actual effective tax rate with an adjusted effective tax rate which reflects the impact of the items which are excluded in providing adjusted net income and certain other identified items, and may provide added insight into our underlying business results and how effective tax rates impact our ongoing business.

Adjusted Revenue and Operating Income and Adjusted Operating Margin

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

- Amortization of acquired intangible assets.
- Restructuring and related costs.
- Interest expense. Interest expense includes interest on long-term debt and amortization of debt issuance costs.
- Goodwill impairment.
- (Gain) loss on divestitures and transaction costs.
- Litigation costs (recoveries), net.
- Other charge (credit).
- 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.

We provide adjusted revenues as supplemental information to our presentation of reported GAAP revenue in order to facilitate additional information to our investors concerning period-to-period comparisons reflecting the impact of our 2019 divestitures.

Adjusted EBITDA and EBITDA Margin

We use Adjusted EBITDA and Adjusted EBITDA Margin 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 on-going business. Adjusted EBITDA represents income (loss) before interest, income taxes, depreciation and amortization and contract inducement amortization adjusted for the following items. Adjusted EBITDA margin is Adjusted EBITDA divided by revenue or adjusted revenue, as applicable.

- Restructuring and related costs.
- Goodwill impairment.
- (Gain) loss on divestitures and transaction costs.
- Litigation costs (recoveries), net.
- Other charge (credit).
- 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 performances. Management cautions that amounts presented in accordance with Conduent's definition of Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to similar measures disclosed by other companies because not all companies calculate Adjusted EBITDA and Adjusted EBITDA margin in the same manner.

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, tax payments related to divestitures 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 and invest in land, buildings and equipment and internal use software, after required 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. Note, as of 3/31/2020 the company is no longer backing out vendor financed leases from Free Cash Flow and has updated all historical numbers to reflect the change.

Adjusted Free Cash Flow

Adjusted free cash flow is defined as free cash flow from above plus deferred compensation payments, transaction costs, costs related to Texas litigation, and certain other identified adjustments. We use adjusted free cash flow, in addition to free cash flow, to provide supplemental information to our investors concerning our ability to generate cash from our ongoing operating activities; by excluding certain deferred compensation costs and our one-time Texas settlement costs, as well as transaction costs and transaction cost tax benefit related to acquisitions, and debt buyback tax benefit, we believe we provide useful additional information to our investors to help them further understand our ability to generate cash period-over-period as well as added information on comparability to our competitors. Such as with free cash flow information, as so adjusted, is specifically not intended to provide amounts available for discretionary spending. We have added certain adjustments to account for items which we do not believe reflect our core business or operating performance, and we computed all periods with such adjusted costs.

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 and is calculated by translating current period activity in local currency using the comparable prior period's currency translation rate.

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 totality or ultimate outcome or occurrence of these adjustments for the forward-looking period, such as amortization, restructuring, NY MMIS, CA MMIS, HE charge/(credit), goodwill impairment, 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. We have provided an outlook for revenue on a constant currency basis due to the inability to accurately predict foreign currency impact on revenues. Outlook for Free Cash Flow and Adjusted Free Cash Flow is provided as a factor of expected adjusted EBITDA, see above.

Non-GAAP Reconciliations: Adjusted Revenue, Adjusted Net Income (Loss), Adjusted Effective Tax, Adjusted Operating Income (Loss) and Adjusted EBITDA were as follows:

(in millions)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
ADJUSTED REVENUE		
Revenue	$ 1,051	$ 1,158
Adjustment:		
Divestitures[1]	—	(36)
Adjusted Revenue	$ 1,051	$ 1,122
ADJUSTED NET INCOME (LOSS)		
Income (Loss) From Continuing Operations	$ (49)	$ (308)
Adjustments:		
Amortization of acquired intangible assets[2]	60	62
Restructuring and related costs	7	16
Goodwill impairment	—	284
(Gain) loss on divestitures and transaction costs	4	14
Litigation costs (recoveries), net	6	12
Other charges (credits)	(5)	(1)
Total Non-GAAP Adjustments	72	387
Income tax adjustments[3]	(9)	(47)
Adjusted Net Income (Loss) Before Adjustment for Divestitures	$ 14	$ 32
ADJUSTED EFFECTIVE TAX		
Income (Loss) Before Income Taxes	$ (51)	$ (338)
Adjustments:		
Total Non-GAAP Adjustments	72	387
Adjusted PBT (Before Adjustment for Divestitures)	21	49
Divestitures[1]	—	(1)
Adjusted PBT	$ 21	$ 48
Income tax expense (benefit)	$ (2)	$ (30)
Income tax adjustments[3]	9	47
Adjusted Income Tax Expense (Benefit)	7	17
Adjusted Net Income (Loss) Before Adjustment for Divestitures	$ 14	$ 32

CONTINUED (in millions)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
ADJUSTED OPERATING INCOME (LOSS)		
Income (Loss) Before Income Taxes	$ (51)	$ (338)
Adjustments:		
Total non-GAAP adjustments	72	387
Interest expense	17	20
Adjusted Operating Income (Loss) Before Adjustment for Divestitures	38	69
Divestitures[(1)]	—	(1)
Adjusted Operating Income (Loss)	$ 38	$ 68
ADJUSTED EBITDA		
Income (Loss) From Continuing Operations	$ (49)	$ (308)
Income tax expense (benefit)	(2)	(30)
Depreciation and amortization	117	115
Contract inducement amortization	1	1
Interest expense	17	20
EBITDA Before Adjustment for Divestitures	84	(202)
Divestitures[(1)]	—	(1)
EBITDA	84	(203)
Adjustments:		
Restructuring and related costs	7	16
Goodwill impairment	—	284
(Gain) loss on divestitures and transaction costs	4	14
Litigation costs (recoveries), net	6	12
Other charges (credits)	(5)	(1)
Adjusted EBITDA Before Adjustment for Divestitures	$ 96	$ 123
Adjusted EBITDA	$ 96	$ 122

____

(1) Adjusted for the full impact from revenue and income/loss from divestitures.
(2) Included in Depreciation and amortization on the Consolidated Statements of Income (Loss).
(3) The tax impact of Adjusted Pre-tax income (loss) from continuing operations was calculated under the same accounting principles applied to the 'As Reported' pre-tax income (loss), which employs an annual effective tax rate method to the results and without regard to the business divestitures, the State of Texas litigation reserve, charges for amortization of intangible assets, restructuring, goodwill impairment and divestiture related costs.

Non-GAAP Reconciliations: Adjusted Weighted Average Shares Outstanding, Adjusted Diluted EPS, Adjusted Effective Tax, Adjusted Operating Margin and Adjusted EBITDA Margins for the Non-GAAP reconciliations above were as follows:

(Amounts are in whole dollars, shares are in thousands and margins are in %)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
ADJUSTED DILUTED EPS[1]		
Weighted Average Common Shares Outstanding	211,093	207,944
Adjustments:		
Stock options	—	27
Restricted stock and performance units / shares	278	2,783
Adjusted Weighted Average Common Shares Outstanding	211,371	210,754
Diluted EPS from Continuing Operations	$ (0.24)	$ (1.49)
Adjustments:		
Total non-GAAP adjustments	0.33	1.85
Income tax adjustments[2]	(0.04)	(0.22)
Adjusted Diluted EPS Before Adjustment for Divestitures	$ 0.05	$ 0.14
ADJUSTED EFFECTIVE TAX RATE		
Effective tax rate	3.9 %	8.9 %
Adjustments:		
Total non-GAAP adjustments	29.4 %	25.8 %
Adjusted Effective Tax Rate[2]	33.3 %	34.7 %
ADJUSTED OPERATING MARGIN		
Income (Loss) Before Income Taxes Margin	(4.9)%	(29.2)%
Adjustments:		
Total non-GAAP adjustments	6.9 %	33.5 %
Interest expense	1.6 %	1.7 %
Margin for Adjusted Operating Income Before Adjustment for Divestitures	3.6 %	6.0 %
Divestitures[3]	— %	0.1 %
Margin for Adjusted Operating Income	3.6 %	6.1 %

CONTINUED (margins are in %)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
ADJUSTED EBITDA MARGIN		
EBITDA Margin Before Adjustment for Divestitures	8.0 %	(17.4) %
Adjustments:		
Divestitures[(3)]	— %	(0.7) %
EBITDA Margin	8.0 %	(18.1) %
Total non-GAAP adjustments	1.1 %	28.0 %
Divestitures[(3)]	— %	0.7 %
Adjusted EBITDA Margin Before Adjustment for Divestitures	9.1 %	10.6 %
Divestitures[(3)]	— %	0.3 %
Adjusted EBITDA Margin	9.1 %	10.9 %

(1) Average shares for the 2020 and 2019 calculation of adjusted EPS excludes 5 million shares associated with our Series A convertible preferred stock and includes the impact of the preferred stock dividend of $2 million for both of the three months ended March 31, 2020 and 2019, respectively

(2) The tax impact of Adjusted Pre-tax income (loss) from continuing operations was calculated under the same accounting principles applied to the 'As Reported' pre-tax income (loss), which employs an annual effective tax rate method to the results and without regard to the business divestitures, the State of Texas litigation reserve, loss on extinguishment of debt, charges for amortization of intangible assets, restructuring, goodwill impairment and divestiture related costs.

(3) Adjusted for the full impact from revenue and income/loss from divestitures.

Free Cash Flow Reconciliation:

(in millions)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Operating Cash Flow	$ (192)	$ (49)
Cost of additions to land, buildings and equipment	(11)	(53)
Proceeds from sales of land, buildings and equipment	—	1
Cost of additions to internal use software	(13)	(17)
Tax payment related to divestitures	—	2
Free Cash Flow	**$ (216)**	**$ (116)**
Free Cash Flow	**$ (216)**	**$ (116)**
Transaction costs	1	3
Texas litigation payments	118	20
Adjusted Free Cash Flow	**$ (97)**	**$ (93)**

May 7, 2020

Conduent
Q1 2020
Earnings Results

Cautionary Statements

CONDUENT

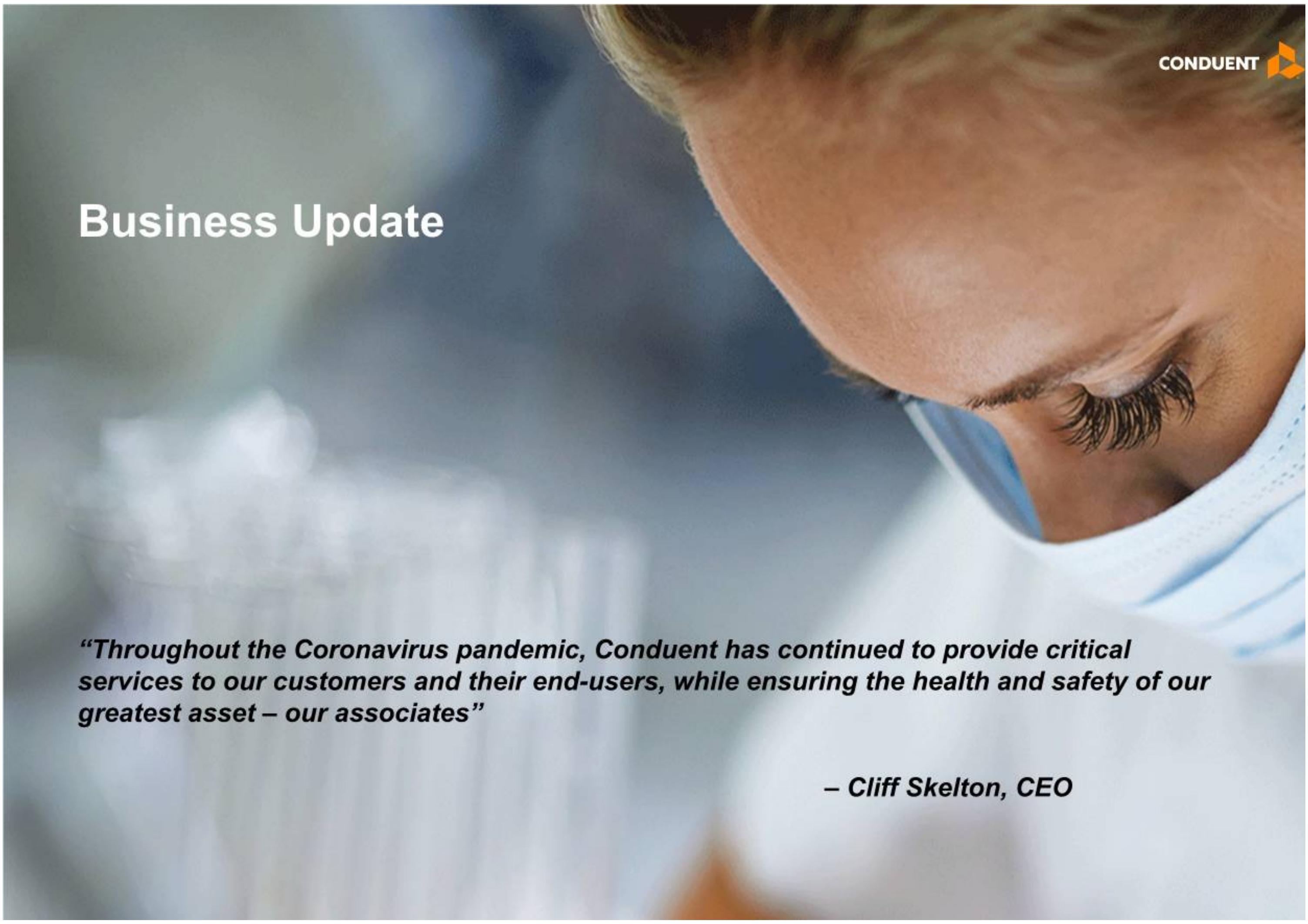
Forward-Looking Statements

This document contains “forward-looking statements”, as defined in the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. These statements can be identi 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 outsou industry and our business and financial results. Forward-looking statements often include words such as “anticipates,” “estimates,” “expects,” “projects,” “intends,” “plans,” “believes,” "aim," 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 inheren 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 relia should not be placed on any forward-looking statement made by us or on our behalf. These forward-looking statements are also subject to the significant continuing impact of the novel coronavirus (COVID-19) pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are highly uncertain and cannot be pre

Important factors and uncertainties that could cause our actual results to differ materially from those in our forward-looking statements include, but are not limited to: the impact of the ongoi COVID-19 pandemic; government appropriations and termination rights contained in our government contracts; risk and impact of potential goodwill and other asset impairments; our ability renew commercial and government contracts, including contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with ou 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 structur and impact of geographical events, natural disasters and other factors (such as pandemics) in a particular country or region on our workforce, customers and vendors; claims of infringeme 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 fi transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to e the scope of work or the costs of performance in our contracts; our continuing emphasis on and shift toward technology-led digital transactions; customer decision-making cycles and lead t customer commitments; our ability to collect our receivables, including those for unbilled services; a decline in revenues from, or a loss of, or a reduction in business from, or failure of signi 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 da services or significant interruptions in such services; our failure to develop new service offerings; our ability to modernize our information technology infrastructure and consolidate data cen our ability to comply with data security standards; our ability to receive dividends or other payments from our subsidiaries; changes in tax and other laws and regulations; changes in goverr regulation and economic, strategic, political and social conditions; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Disc and Analysis of Financial Condition and Results of Operations” section and other sections in our Annual Reports on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Curre Reports on Form 8-K filed with or furnished to the Securities and Exchange Commission. Any forward-looking statements made by us in this presentation speak only as of the date on whic 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 even 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 mea: 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 neces 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-GAA financial measures provide an additional means of analyzing the results of the current period against the corresponding prior period. However, these non-GAAP financial measures should l 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 considere isolation or as a substitute for comparable U.S. GAAP measures and should be read only in conjunction with our Consolidated Financial Statements prepared in accordance with U.S. GAA management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions, and providing suc 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 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 of these non-GAAP measures.



Business Update

"Throughout the Coronavirus pandemic, Conduent has continued to provide critical services to our customers and their end-users, while ensuring the health and safety of our greatest asset – our associates"

– Cliff Skelton, CEO

Q1 2020 Highlights

CONDUENT

Business Update	• Q1 Revenue of $1,051M, above expectations • Q1 Adj. EBITDA(1) of $96M, below expectations primarily driven by COVID-19 • $324M in new business signings in Q1 2020; up 44% Y/Y • Launched COVID-19 module for Maven Diseases Surveillance and Outbreak Management Software • Avg monthly technology incident rate improved by >50% Y/Y
COVID-19 Response	• Continuing to serve as trusted partner and meet client expectations throughout the cri • Shifted ~75% of workforce to Work-From-Home (WFH), 100% of non-essential front-li • Focus on safety of essential associates with social distancing and increased sanitizati • Cost mitigation actions underway
Strategic Updates	• Re-prioritizing investments based on COVID-19 response and near-term priorities • Remain focused on long-term cost savings and transformation • Adjusting operating model for post-COVID-19 "next-normal"

(1) Refer to Appendix for complete Non-GAAP reconciliations of adjusted EBITDA. This metric is adjusted to exclude divestitures and other items.

COVID-19 Business Continuity Response

	ACTION	FEEDBACK
ASSOCIATE	• Health plan and time off flexibility • ~75% shifted to work-from-home • Increased leadership communication • Increased sanitation and social distancing for required on-site essential associates	*"Thankful for honest, transparent, and open communication."* *"Thanks for you leadership and encouragement, and your honesty about the situation."* *"Love this. Absolute transparency, courage and leading from the front. #ProudToBeConduent!"*
CLIENT	• Diverting volumes to different geographies and remote work • Monitoring performance and delivery success • Meeting client commitments • Increased client communications	*"I want to thank you for the tremendous effort you have contributed to expediting this process."* *- Insurance Company* *"I want to personally thank Conduent as we've asked your team to jump through another set of hoops."* *- Healthcare Payer* *"The Maven system, as you know, is our system of truth in Massachusetts. It's actually very robust."*

FY2020: Estimated COVID-19 and Related Impacts

CONDUENT

	HEADWIND	NEUTRAL	TAILWIND
Commercial	HRLS; Customer Experience; Transaction Processing	Healthcare	
Government			Healthcare and Eligibility; Govern Servi
Transportation	Tolling; Curbside Management; Transit	Public Safety	

Note: Positioning within category not indicative of relative impact.

Spotlight on Government Services Business

CONDUENT

	CNDT Footprint	Current Market Opportunities
SUPPLEMENTAL NUTRITION ASSISTANCE	26 States	• Serve ~50% of US volumes; Seeing >50% incre in card recipients • Incremental opportunity in subsidized lunch prog
UNEMPLOYMENT	11 States	• Unemployment debit cards issued are increasin • Revenues based on accounts and card spendin
ELIGIBILITY	8 States	• Supporting various government programs • Generally paid per call • Increased eligibility program activity
DISEASE TRACKING (MAVEN)	38 Government Agencies	• Expect more traction as Governments and Businesses look to implement contact tracing
MEDICAID	18 States	• Expected to be stable as pricing is primarily fixe fee
CHILD SUPPORT	11 States	• Lower collections due to economy / unemploym

Adapting our Transformation Plan

Adapting our Transformation Plan to "next normal" post COVID-19 in an evolving environment

	GROWTH	EFFICIENCY	QUALITY
2020	• COVID-19 related opportunities ◦ Contact tracing ◦ Stimulus program support ◦ Disease tracking • Go-to-market upgrades • More modest investments for near-term returns	• Immediate cost take out actions • Automation deployment using Machine Learning Extraction Technology • Real Estate optimization leveraging work-from-home	• Show continued improvement in delivery performance metrics • Continued positive client feedback • Compliance and security protocols
2021+	• Optimize, Enhance, and Expand portfolio investments • Healthcare Claims • Resiliency as a Service for BCP • Analytics and AI	• Adapt operating model for post-COVID-19 environment • Real estate and remote work strategy roll out • Continue to expand automation, AI and Machine Learning	• Data center migration and consolidation • Robust product management process • Scalable, agile product development

Financials Update

Business Update: COVID-19 Impact in Q1 2020

CONDUENT

REVENUE[1]

~$(14)M
Net COVID-19 Q1 Impact

Total Q1 2020 Results:
$1,051M; down (6.3)% Y/Y, down (6.0)% in CC

Positives:
- Government volumes (SNAP & Unemployment)

Negatives:
- Tolling, curbside management, and transit
- Customer Experience declines (retail and tech)
- BenefitWallet interest rate
- Transaction Processing volumes
- Child support volumes

ADJUSTED EBITDA[1]

~$(9)M
Net COVID-19 Q1 Impact
(includes benefit of mitigating cost actions)

Total Q1 2020 Results:
$96M, down (21.3)% Y/Y

Positive:
- Lower travel expense and cost actions
- Government volumes

Negatives:
- BenefitWallet interest rate impact flows through to profit
- Flow through from COVID-19 revenue impact
- Higher spend to support work-from-home and increased sanitation

(1) Refer to Appendix for complete Non-GAAP reconciliations of revenue and adjusted EBITDA. These metrics are adjusted to exclude divestitures and other items.

Q1 2020 P&L Metrics

CONDUENT

Revenue(1)

	Q1 '19	Q1 '20
GAAP:	**$1,158M**	**$1,051M**

Adj. Operating Income(1)

	Q1 '19	Q1 '20
GAAP:	**$(338)M**	**$(51)M**

Adj. EBITDA(1)

	Q1 '19	Q1 '20
As Reported(2):	**$123M**	**$96M**

- **Revenue(1):** primarily down due to client attritic volume and COVID-19 impacts
- **Adj. Operating Income(1) and Adj. EBITDA(1)** down due to revenue pressure and COVID-19 impacts
- **Adj. EBITDA Margin(1)**: 9.1%, down (180) bps

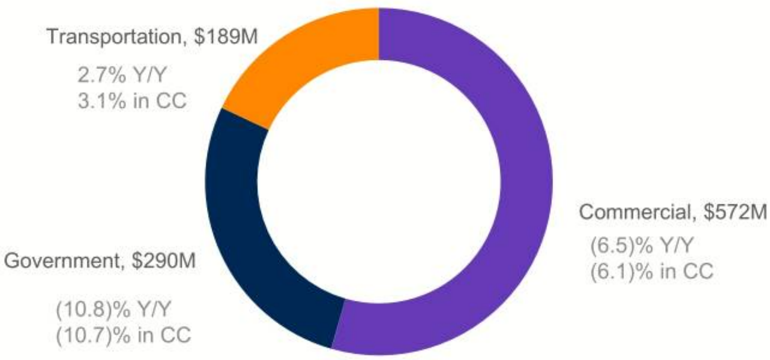
(1) Refer to Appendix for complete Non-GAAP reconciliations of revenue, adjusted operating income and adjusted EBITDA/margin. These metrics are adjusted to exclude divestitures and other items.

(2) Includes divested businesses.

Q1 2020 P&L by Segment

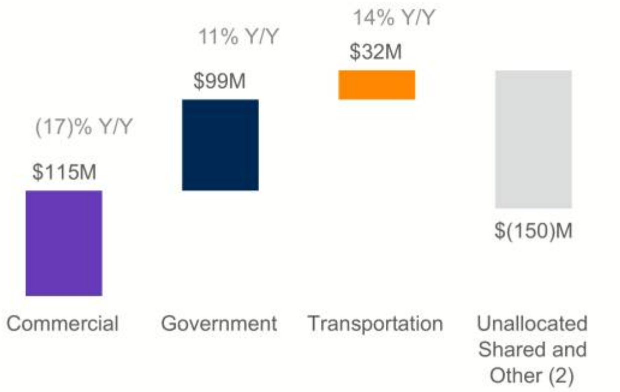
CONDUENT

Revenue(1)



- **Commercial:** declines driven by runoff from prior year lost business and COVID-19 related impact, including BenefitWallet interest rate impact
- **Government:** declines driven by California Medicaid contract loss and other prior year lost business
- **Transportation:** growth in transit business partially offset by COVID-19 impacts and run off from prior year lost business

Adj EBITDA(1) Contributions



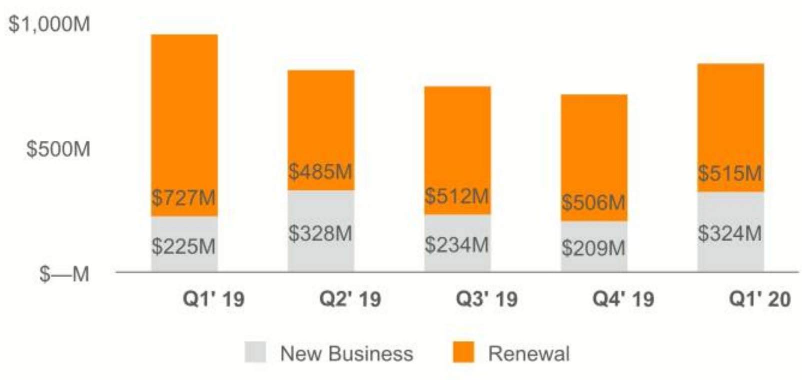
- **Commercial:** decrease driven by revenue pressu COVID-19 impacts, and discrete cost items; marg 20.1% down (260) bps Y/Y
- **Government:** increase driven lower margin CAM rolling off and reduced IT costs; margin 34.1% up bps Y/Y
- **Transportation:** increase driven by reduced IT sp margin 16.9% up 170 bps Y/Y
- **Unallocated shared costs:** increase Y/Y driven primarily due to a prior year IT credit

(1) Refer to Appendix for complete Non-GAAP reconciliations of revenue and adjusted EBITDA/margin. Revenue and Adjusted EBITDA exclude impact from divested operations and other items.

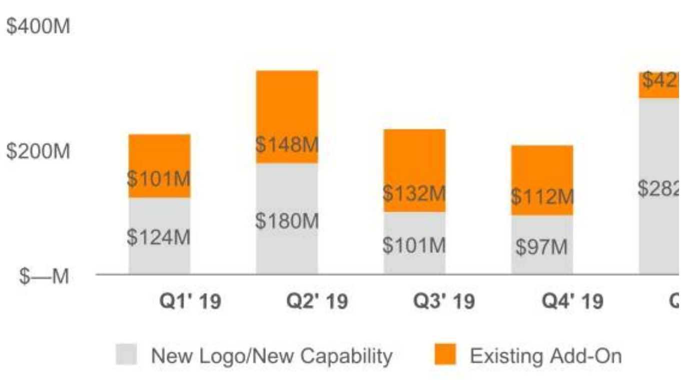
(2) Includes $(147) million in Unallocated Shared Infrastructure and Corporate related plus $(3) million of Other adjusted EBITDA.

Key Sales Metrics

TCV Signings



New Logo & Capability + Existing Add-On



- New Business TCV signings of $324M, up 44% Y/Y
- Pipeline remains stable
- Sales headcount highest since Q2 2019
- Renewal rate of 93% in Q1 2020

Total New Business Pipeline

Note: All metrics on page are adjusted to exclude divested operations as required.

Q1 2020 Cash Flow and Balance Sheet

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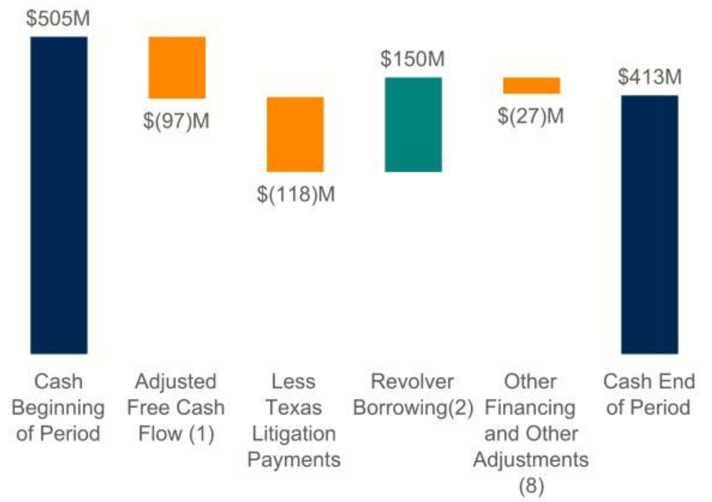
Q1 2020 Cash Balance



(1) Refer to Appendix for complete non-GAAP reconciliations of Adjusted Free Cash Flow.

(2) $518M of available capacity under Revolving Credit Facility as of March 31, 2020. Revolver matures December 2022.

(3) Total Cash includes $18M of restricted cash and Total debt excludes deferred financing costs.

(4) Revolving credit facility and Term Loan A interest rate is LIBOR + 175 bps; Term Loan B is LIBOR + 250 bps.

(5) Term Loan A includes EUR 242M, converted to USD conversion rates on March 31, 2020.

(6) Net debt (total debt less adjusted cash) divided by TTM Adjusted EBITDA (not adjusted for divestitures). Adjusted ratio uses total Debt which excludes deferred financing costs.

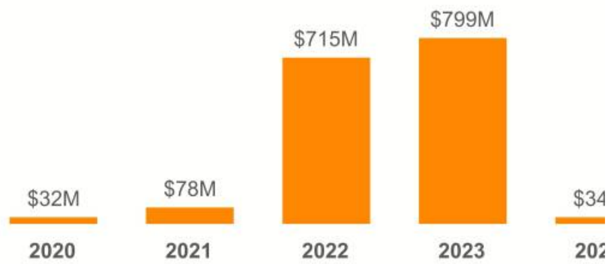
(7) Debt maturity amounts exclude $20M of capital leases and $(22)M of debt issuance costs and unamortized discounts.

(8) Includes net cash used by investing activities, net cash used by financing activities (except for cash already included in Adjusted Free Cash Flow), and other adjustments that impacted cash which were adjusted out of Adjusted Free Cash Flow.

Balance Sheet

($ in millions)	12/31/2019	3/31
Total Cash[3]	$505	$
Total Debt[3]	1,514	1,
Term Loan A[4,5] due 2022	664	6
Term Loan B[4] due 2023	824	8
Revolving Credit Facility due 2022	—	1
10.5% Senior Notes due 2024	34	
Capital Leases	17	
Net adjusted leverage ratio[6]	2.1x	2

Debt Maturity[5,7]



Q&A

Appendix

Modeling Considerations

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Metric	FY2020 Commentary
Taxes	• FY2020 Cash income taxes: ~$40M in cash income taxes, including ~$5M benefit related to CARES Act • Payroll taxes: ~$65M of estimated payroll tax withholding will be deferred to 2021/2 based on current employment levels
Restructuring	• Expect ~$60M of spend in FY2020
Cash Interest	• Expect cash interest of $55 - 60M
Capex	• Reduced Capex to ~$140M for FY2020
Texas Litigation Payments	• Final $118M paid in January 2020
COVID-19 Related	• Transportation volume decline expected to continue during stay-at-home orders • BenefitWallet impacts expected for the duration of the year

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Definitions

TCV: Total contract value. Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Total Contract Value (TCV) is the estimated total contractual revenue related to signed contracts. Excludes the impact of divested business a required.

Renewal Rate: 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). Excludes the impact of divested business as required.

New Business New Logo & New Capability Revenue: TCV of new contract signed with new clients or new or expanded capabilities with an existing client.

New Business Existing Add-On Revenue: TCV of new contract signed with existing client for increased or "add-on" volume related to an existing offering or capability.

Total New Business Pipeline: Total New Business TCV pipeline of deals in all sell stages. Extends past next 12 month period to include total pipeline Excludes the impact of divested business as required.

Non-GAAP Financial Measures

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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 th 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, dete 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 period against the corresponding prior period. 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 accord 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 Consolidated Fi 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 oper 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-GAAF 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 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 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 taxes for reported and adjusted pre-tax income calculated under the annual effective tax rate method. The tax effect of the non-GAAP adjustments was calculated based upon evaluation of the statutory tax treatm applicable statutory tax rate in the jurisdictions in which such charges were incurred.

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 as applicable to the particular measure, for the purpose of calculating Adjusted Revenue, Adjusted Net Income (Loss), Adjustec per Share and Adjusted Effective Tax Rate:

- Amortization of acquired intangible assets. The amortization of acquired intangible assets is driven by acquisition activity, which can vary in size, nature and timing as compared to other companies within ou and 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.
- Goodwill impairment. This represents Goodwill impairment charge related to the unanticipated losses of certain customer contracts, lower potential future volumes and lower than expected new customer co reporting units.
- (Gain) loss on divestitures and transaction costs. Represents (gain) loss on divested businesses and transaction costs.
- Litigation costs (recoveries), net. Litigation costs (recoveries), net represents reserves for the State of Texas litigation, Student Loan Service exposures and certain significant terminated contracts that are s litigation.
- Other charge (credit). This comprises other (income) expenses, net, costs associated with the Company not fully completing the State of New York Health Enterprise Platform project and the Health Enterpris platform projects in California and Montana and other adjustments.
- Divestitures. (Revenue) / (Income) loss from divestitures.

The Company provides adjusted net income and adjusted EPS financial measures to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, ove reporting periods, by adjusting for certain items which may be recurring or non-recurring and which in our view do not necessarily reflect ongoing performance. We also internally use these measures to assess o performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions.

Management believes that adjusted effective tax rate, provided as supplemental information, facilitates a comparison by investors of our actual effective tax rate with an adjusted effective tax rate which reflects th the items which are excluded in providing adjusted net income and certain other identified items, and may provide added insight into our underlying business results and how effective tax rates impact our ongoing

Non-GAAP Financial Measures

Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin.

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

- Amortization of acquired intangible assets.
- Restructuring and related costs.
- Interest expense. Interest expense includes interest on long-term debt and amortization of debt issuance costs.
- Goodwill impairment.
- (Gain) loss on divestitures and transaction costs.
- Litigation costs (recoveries), net.
- Other charge (credit).
- 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.

We provide adjusted revenues as supplemental information to our presentation of reported GAAP revenue in order to facilitate additional information to our investors concerning period-to-period comparisons reflecting the impact of our divestitures.

Non-GAAP Financial Measures

Consolidated Adjusted EBITDA and EBITDA Margin

We use Adjusted EBITDA and Adjusted 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. Adjusted EBITDA represents Income (loss) before Interest, Income Taxes, Depreciation and Amortization and Contract Inducement Amortization adjusted for the following items (which are defined above). Adjusted EBITDA margin is Adjusted EBITDA divided by revenue or adjusted revenue, as applicable:

- Restructuring and related costs.
- Goodwill impairment.
- (Gain) loss on divestitures and transaction costs.
- Litigation costs (recoveries), net.
- Other charge (credit).
- 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 Adjusted 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.

Non-GAAP Financial Measures

CONDUENT

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, tax payments related to divestitures 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 and invest in land, buildings and equipment and internal use software, after required 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. Note, as of 3/31/2020 the company is no longer backing out vendor financed leases from Free Cash Flow and has updated all historical numbers to reflect the change.

Adjusted Free Cash Flow

Adjusted free cash flow is defined as Free Cash Flow from above plus deferred compensation payments, transaction costs, costs related to Texas litigation, and certain other identified adjustments. We use Adjusted Free Cash Flow, in addition to Free Cash Flow, to provide supplemental information to our investors concerning our ability to generate cash from our ongoing operating activities; by excluding certain deferred compensation costs and our one-time Texas settlement costs, as well as transaction costs and transaction cost tax benefit related to acquisitions, and debt buyback tax benefit, we believe we provide useful additional information to our investors to help them further understand our ability to generate cash period-over-period as well as added information on comparability to our competitors. Such as with Free Cash Flow information, as so adjusted, is specifically not intended to provide amounts available for discretionary spending. We have added certain adjustments to account for items which we do not believe reflect our core business or operating performance, and we computed all periods with such adjusted costs.

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. This currency impact is calculated by translating the current period activity in local currency using the comparable prior-year period's currency translation rate.

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 totality or ultimate outcome or occurrence of these adjustments for the forward-looking period, such as amortization, restructuring, NY MMIS, CA MMIS, HE charge/(credit), goodwill impairment, 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. We have provided and outlook for revenue on a constant currency basis due to the inability to accurately predict foreign currency impact on revenues. Outlook for Free Cash Flow and Adjusted Free Cash Flow is provided as a factor of expected adjusted EBITDA, see above. For the same reason, we are unable to provide GAAP expected adjusted tax rate, which adjusts for our non-GAAP adjustments.

Non-GAAP Reconciliations: Adjusted Revenue, Adjusted Net Income (Loss), Adjusted Effective Tax, Adjusted Operating Income (Loss) and Adjusted EBITDA

CONDUENT

(in millions)	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
ADJUSTED REVENUE						
Revenue	$ 1,051	$ 4,467	$ 1,099	$ 1,098	$ 1,112	$ 1,158
Adjustment:						
Divestitures[1]	—	(36)	—	—	—	(36)
Adjusted Revenue	$ 1,051	$ 4,431	$ 1,099	$ 1,098	$ 1,112	$ 1,122
ADJUSTED NET INCOME (LOSS)						
Income (Loss) From Continuing Operations	$ (49)	$ (1,934)	$ (581)	$ (16)	$ (1,029)	$ (308)
Adjustments:						
Amortization of acquired intangible assets[2]	60	246	62	61	61	62
Restructuring and related costs	7	71	21	8	26	16
Goodwill impairment	—	1,952	601	—	1,067	284
(Gain) loss on divestitures and transaction costs	4	25	6	3	2	14
Litigation costs (recoveries), net	6	17	2	2	1	12
Other charges (credits)	(5)	(5)	(1)	(8)	5	(1)
Total Non-GAAP Adjustments	72	2,306	691	66	1,162	387
Income tax adjustments[3]	(9)	(232)	(69)	(13)	(103)	(47)
Adjusted Net Income (Loss) Before Adjustment for Divestitures	$ 14	$ 140	$ 41	$ 37	$ 30	$ 32

CONTINUED

(in millions)	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
ADJUSTED EFFECTIVE TAX						
Income (Loss) Before Income Taxes	$ (51)	$ (2,106)	$ (635)	$ (14)	$ (1,119)	$ (338)
Adjustment:						
Total Non-GAAP Adjustments	72	2,306	691	66	1,162	387
Adjusted PBT (Before Adjustment for Divestitures)	21	200	56	52	43	49
Divestitures[1]	—	(1)	—	—	—	(1)
Adjusted PBT	$ 21	$ 199	$ 56	$ 52	$ 43	$ 48
Income tax expense (benefit)	$ (2)	$ (172)	$ (54)	$ 2	$ (90)	$ (30)
Income tax adjustments[3]	9	232	69	13	103	47
Adjusted Income Tax Expense (Benefit)	7	60	15	15	13	17
Adjusted Net Income (Loss) Before Adjustment for Divestitures	$ 14	$ 140	$ 41	$ 37	$ 30	$ 32
ADJUSTED OPERATING INCOME (LOSS)						
Income (Loss) Before Income Taxes	$ (51)	$ (2,106)	$ (635)	$ (14)	$ (1,119)	$ (338)
Adjustment:						
Total non-GAAP adjustments	72	2,306	691	66	1,162	387
Interest expense	17	78	18	20	20	20
Adjusted Operating Income (Loss) Before Adjustment for Divestitures	38	278	74	72	63	69
Divestitures[1]	—	(1)	—	—	—	(1)
Adjusted Operating Income (Loss)	$ 38	$ 277	$ 74	$ 72	$ 63	$ 68

CONTINUED

(in millions)	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
ADJUSTED EBITDA						
Income (Loss) From Continuing Operations	$ (49)	$ (1,934)	$ (581)	$ (16)	$ (1,029)	$ (308)
Income tax expense (benefit)	(2)	(172)	(54)	2	(90)	(30)
Depreciation and amortization	117	459	117	115	112	115
Contract inducement amortization	1	3	1	1	—	1
Interest expense	17	78	18	20	20	20
EBITDA Before Adjustment for Divestitures	84	(1,566)	(499)	122	(987)	(202)
Divestitures[(1)]	—	(1)	—	—	—	(1)
EBITDA	84	(1,567)	(499)	122	(987)	(203)
Adjustments:						
Restructuring and related costs	7	71	21	8	26	16
Goodwill impairment	—	1,952	601	—	1,067	284
(Gain) loss on divestitures and transaction costs	4	25	6	3	2	14
Litigation costs (recoveries), net	6	17	2	2	1	12
Other charges (credits)	(5)	(5)	(1)	(8)	5	(1)
Adjusted EBITDA Before Adjustment for Divestitures	$ 96	$ 494	$ 130	$ 127	$ 114	$ 123
Adjusted EBITDA	$ 96	$ 493	$ 130	$ 127	$ 114	$ 122

1. *Adjusted for the full impact from revenue and income/loss from divestitures for all periods presented.*
2. *Included in Depreciation and amortization on the Consolidated Statements of Income (Loss).*
3. *The tax impact of Adjusted Pre-tax income (loss) from continuing operations was calculated under the same accounting principles applied to the 'As Reported' pre-tax income (loss), which employs an annual effective tax rate method to the results and without regard to the business divestitures, the State of Texas litigation accrual, charges for amortization of intangible assets, restructuring, goodwill impairment and divestiture related costs.*

Non-GAAP Reconciliations: Adjusted Weighted Average Shares Outstanding, Adjusted Diluted EPS, Adjusted Effective Tax, Adjusted Operating Margin and Adjusted EBITDA Margins for the Non-GAAP reconciliations

CONDUENT

(Amounts are in whole dollars, shares are in thousands and margins are in %)	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
ADJUSTED DILUTED EPS[1]						
Weighted Average Common Shares Outstanding	211,093	209,318	211,190	209,626	208,496	207,944
Adjustments:						
Stock options	—	—	—	—	7	27
Restricted stock and performance units / shares	278	2,157	2,106	1,509	2,814	2,783
Adjusted Weighted Average Common Shares Outstanding	211,371	211,475	213,296	211,135	211,317	210,754
Diluted EPS from Continuing Operations	$ (0.24)	$ (9.29)	$ (2.76)	$ (0.09)	$ (4.94)	$ (1.49)
Adjustments:						
Total non-GAAP adjustments	0.33	11.01	3.26	0.31	5.56	1.85
Income tax adjustments[2]	(0.04)	(1.10)	(0.32)	(0.06)	(0.49)	(0.22)
Adjusted Diluted EPS Before Adjustment for Divestitures	$ 0.05	$ 0.62	$ 0.18	$ 0.16	$ 0.13	$ 0.14
ADJUSTED EFFECTIVE TAX RATE						
Effective tax rate	3.9 %	8.2 %	8.5 %	(14.3)%	8.0 %	8.9 %
Adjustments:						
Total non-GAAP adjustments	29.4	21.8	18.3	43.1	22.2	25.8
Adjusted Effective Tax Rate[2]	33.3 %	30.0 %	26.8 %	28.8 %	30.2 %	34.7 %

CONTINUED

(Margins are in %)	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
ADJUSTED OPERATING MARGIN						
Income (Loss) Before Income Taxes Margin	(4.9)%	(47.1)%	(57.8)%	(1.3)%	(100.6)%	(29.2)%
Adjustments:						
Total non-GAAP adjustments	6.9	51.6	62.9	6.1	104.5	33.5
Interest expense	1.6	1.7	1.6	1.8	1.8	1.7
Margin for Adjusted Operating Income Before Adjustment for Divestitures	3.6	6.2	6.7	6.6	5.7	6.0
Divestitures[3]	—	0.1	—	—	—	0.1
Margin for Adjusted Operating Income	3.6 %	6.3 %	6.7 %	6.6 %	5.7 %	6.1 %
ADJUSTED EBITDA MARGIN						
EBITDA Margin Before Adjustment for Divestitures	8.0 %	(35.1)%	(45.4)%	11.1 %	(88.8)%	(17.4)%
Divestitures[3]	—	(0.3)	—	—	—	(0.7)
EBITDA Margin	8.0	(35.4)	(45.4)	11.1	(88.8)	(18.1)
Total non-GAAP adjustments	1.1	46.2	57.2	0.5	99.1	28.0
Divestitures[3]	—	0.3	—	—	—	0.7
Adjusted EBITDA Margin Before Adjustment for Divestitures	9.1	11.1	11.8	11.6	10.3	10.6
Divestitures[3]	—	—	—	—	—	0.3
Adjusted EBITDA Margin	9.1 %	11.1 %	11.8 %	11.6 %	10.3 %	10.9 %

1. *Average shares for the 2020 and 2019 calculation of adjusted EPS excludes 5 million shares associated with our Series A convertible preferred stock and includes the impact of the preferred stock dividend of $2 million per each quarter.*
2. *The tax impact of Adjusted Pre-tax income (loss) from continuing operations was calculated under the same accounting principles applied to the 'As Reported' pre-tax income (loss), which employs an annual effective tax rate method to the results and without regard to the business divestitures, the State of Texas litigation accrual, loss on extinguishment of debt, charges for amortization of intangible assets, restructuring, goodwill impairment and divestiture related costs.*
3. *Adjusted for the full impact from revenue and income/loss from divestitures for all periods presented.*

Non-GAAP Reconciliation: Adj. Free Cash Flow

(in millions)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Operating Cash Flow	$ (192)	$ (49)
Cost of additions to land, buildings and equipment	(11)	(53)
Proceeds from sales of land, buildings and equipment	—	1
Cost of additions to internal use software	(13)	(17)
Tax payment related to divestitures	—	2
Free Cash Flow	**$ (216)**	**$ (116)**
Free Cash Flow	$ (216)	$ (116)
Transaction costs	1	3
Texas litigation payments	118	20
Adjusted Free Cash Flow	**$ (97)**	**$ (93)**