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 4, 2021

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 05, 2021, Registrant released its first quarter 2021 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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On May 4, 2021, Brian Webb-Walsh informed Registrant that he intends to pursue another opportunity and, as such, will be resigning from his position as Executive Vice President and Chief Financial Officer of Registrant. Mr. Webb-Walsh’s resignation as Executive Vice President and Chief Financial Officer is effective June 11, 2021. Mr. Webb-Walsh will stay on through June 11, 2021 to help ensure a smooth transition to his successor. Mr. Walsh’s resignation is not the result of any disagreement with the Registrant over any of its financial reporting, operations, policies or practices, or any other matter.

(c) On May 5, 2021, the Board of Directors of Registrant appointed Stephen Wood as Executive Vice President and Chief Financial Officer, effective June 11, 2021. Mr. Wood, 55, joined Registrant in 2020 as part of Registrant’s routine succession planning efforts. Mr. Wood has served in his current role as Vice President and Corporate Controller since August 2020 and was designated as Principal Accounting Officer in December 2020. Prior to joining Registrant, Mr. Wood spent 15 years at Fiserv Inc. in finance and accounting leadership positions. From December 2016 to May 2020, Mr. Wood served as Vice President & Chief Financial Officer of Fiserv Output Solutions; from March 2009 to December 2016, Mr. Wood served as Vice President & Controller over a number of different operating groups; and from January 2005 to March 2009, Mr. Wood led International Finance & Accounting operations. Mr. Wood is a Chartered Global Management Accountant with an MBA with distinction from Warwick Business School.

Mr. Wood will continue to participate in the Performance Incentive Plan and the Long-Term Incentive Plan. In connection with his appointment as Executive Vice President and Chief Financial Officer, Mr. Wood will receive an annual base salary of $450,000 and a target short-term incentive award of 75% of base salary, which will be prorated for 2021. Mr. Wood will also be eligible for (i) an off-cycle additional 2021 long term incentive plan award valued at $275,000, which will be comprised 50% of restricted stock units and 50% performance stock units, and will be granted on or about June 30, 2021, and (ii) a regular cycle target long-term incentive equity award having a value of $620,000, starting in 2022. In addition, Mr. Wood will be eligible to participate in benefits as may be offered from time to time to other similarly situated employees, including severance and participation in the Company’s Executive Change in Control Severance Plan.

The terms of Mr. Wood’s appointment as Executive Vice President and Chief Financial Officer and revised compensation is subject to the terms of that certain Letter Agreement dated May 5, 2021, between the Company and Mr. Wood (the “Letter Agreement”). The foregoing description of the Letter Agreement does not purport to be complete and is qualified in its entirety by reference to the Letter Agreement, which is filed as Exhibit 10.1 to this Report and incorporated by reference.

For additional information, see the press release attached as Exhibit 99.1 to this Report. The information contained 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 05, 2021, Registrant conducted an earnings call regarding its 2021 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.

In addition, Registrant, together with its subsidiaries, intends to begin a marketing process with respect to a potential secured financing in order to refinance its existing senior secured debt. Any refinancing will be subject to market and other conditions and may not occur as described or at all.

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
10.1	Letter Agreement dated May 5, 2021, between Registrant and Stephen Wood
99.1	Registrant’s first quarter 2021 earnings press release dated May 5, 2021
99.2	Registrant’s investor presentation dated May 5, 2021
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,” "plan," “intend,” “will,” “aim,” “should,” “could,” “forecast,” “target,” “may,” "continue to," "if,” “growing,” “projected,” “potential,” “likely,” and similar expressions, as they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. In addition, all statements regarding the anticipated effects of the novel coronavirus, or COVID-19, pandemic and the responses thereto, including the pandemic’s impact on general economic and market conditions, as well as on our business, customers, and markets, results of operations and financial condition and anticipated actions to be taken by management to sustain our business during the economic uncertainty caused by the pandemic and related governmental and business actions, as well as other statements that are not strictly historical in nature, are forward looking. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, expected or intended or using other similar expressions.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this Current Report on Form 8-K, any exhibits to this Current Report on Form 8-K and other public statements we make. 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 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 significant continuing effects of the ongoing 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; government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts, including contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our reliance on third-party providers; our ability to deliver on our contractual obligations properly and on time; changes in interest in outsourced business process services; risk and impact of geopolitical events, natural disasters and other factors (such as pandemics, including coronavirus) in a particular country or region on our workforce, customers and vendors; claims of infringement of third-party intellectual property rights; our ability to estimate the scope of work or the costs of performance in our contracts; the loss of key senior management and our ability to attract and retain necessary technical personnel and qualified subcontractors; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings and protect our intellectual property rights; our ability to modernize our information technology infrastructure and consolidate data centers; the failure to comply with laws relating to individually identifiable information and personal health information; the failure to comply with laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to comply with data security standards; changes in tax and other laws and regulations; risk and impact of potential goodwill and other asset impairments; our significant indebtedness; our ability to obtain adequate pricing for our services and to improve our cost structure; our ability to collect our receivables, including those for unbilled services; a decline in revenues from, or a loss of, or a reduction in business from or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to receive dividends or other payments from our subsidiaries; developments in various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings; conditions abroad, including local economics, political environments, fluctuating foreign currencies and shifting regulatory schemes; changes in government regulation and economic, strategic, political and social conditions; changes in the volatility of our stock price and the risk of litigation following a decline in the price of our stock; the impact of the ongoing COVID-19 pandemic; 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. Any forward-looking statements made by us in this Form 8-K 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 05, 2021

CONDUENT INCORPORATED

By: ***/s/ MICHAEL E KRAWITZ***

Michael E Krawitz

Executive Vice President, General Counsel and Secretary

EXHIBIT 10.1

Dear Steve,

Congratulations on your promotion to Chief Financial Officer reporting to me starting on June 14, 2021.

As an, exempt employee, your base salary will be $450,000 per annum, paid semi-monthly (paid one week in arrears).

You will be eligible to participate in the Annual Performance Incentive Plan (APIP) with a target bonus equal to 75% of your base salary. For calendar year 2021, bonus changes during the year will be prorated for the period of active employment based on the number of days in each role. Subject to the terms and conditions of the APIP, business and individual performance are generally key factors in determining payouts.

Subject to the terms and conditions of Conduent's Long Term Incentive Plan (LTIP), you will be recommended to receive a one-time LTIP award in the amount of $275,000. If approved, your award will be issued on the next available grant date of June 30, 2021.

Subject to the terms and conditions of Conduent's Long Term Incentive Plan (LTIP), your new role is eligible to participate in the LTIP for 2022 and you will be recommended to receive an LTIP award in 2022 for a targeted amount of $620,000. If approved, your award will be issued on the annual grant date in 2022.

We also want to take this opportunity to confirm that except for the changes noted above, the terms and condition of your employment remained the same, including your at will employment status.

Sincerely,

Conduent, Inc.

/s/ Cliff Skelton
By: Cliff Skelton

I agree to and accept this change:

/s/ Stephen Wood
Stephen Wood

May 5, 2021
Date

News from Conduent

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

Conduent Announces Strong First Quarter Financial Results and CFO Succession

Key Q1 2021 Highlights

- Revenue: $1,028M; down (2.2)% Yr/Yr
- Adj. EBITDA Margin(1): 11.2%; up 210 bps Yr/Yr
- Financial performance was above internal and external expectations, driven by Government Payments, new business ramp and efficiency progress
- Continued new business growth:
  - Q1 2021 Total Contract Value (TCV) new business signings of $356M, an increase of 10% vs Q1 2020
  - Q1 2021 Annual Recurring Revenue (ARR) signings of $95M, an increase of 67% vs Q1 2020

FLORHAM PARK, NJ, May 5, 2021 - Conduent (NASDAQ: CNDT), a business process services and solutions company, today announced its first quarter 2021 financial results and a senior leadership change.

Cliff Skelton, Conduent CEO, stated “I am proud of our associates and the results we achieved in the first quarter. Our financial and operational performance points to the progress we made over the past 24 months. We also achieved another strong sales quarter, where our continued focus on enabling our clients' success has resulted in strengthened client confidence, additional business with existing clients, and increased recurring revenue. We will continue to focus on efficiency and quality, and we see a pivot to growth on the horizon. We are well-positioned in the growing markets where we operate, and I remain energized by the culture and momentum we are creating as well as the opportunities ahead of us."

Key Financial Q1 2021 Results

($ in millions, except margin and per share data)	Q1 2021	Q1 2020	Current Quarter Y/Y B/(W)
Revenue	$1,028	$1,051	(2.2)%
GAAP net loss from Continuing Operations	(11)	(49)	77.6%
Adjusted EBITDA(1)	115	96	19.8%
Adjusted EBITDA Margin (1)	11.2%	9.1%	210 bps
GAAP Pre-tax Income	(9)	(51)	82.4%
GAAP Diluted EPS from Continuing Operations	$(0.06)	$(0.24)	75%
Adjusted Diluted EPS from Continuing Operations(1)	$0.15	$0.05	200%
Cash from Operations	(2)	(192)	99.0%
Adjusted Free Cash Flow(2)	(33)	(101)	67.3%

Q1 2021 Performance Commentary

Revenue for Q1 2021 compared with Q1 2020 was 2.2% lower primarily due to lost business from prior years, partially offset by increased volumes and new business ramp. The Commercial and Transportation business declines were driven primarily by lost business from prior years and COVID-19, whereas the Government business growth was driven by increased activity in the Government Payments business as a result of Federal Stimulus-related activity due to COVID-19, partially offset by lost business from prior years. Revenue trends across segments continued to improve in Q1 2021.

Additional highlights from Q1 2021 include strong sales performance with $356M in new business TCV signings, a 10% increase over Q1 2020.

Additional Q1 and Recent Performance Highlights

Conduent continued its momentum across its Growth, Efficiency, and Quality pillars, achieving significant operational, industry and associate-focused milestones, including:

- Improvements in service delivery leading to higher client satisfaction
- Listed as one of the Top 500 Best Employers for Diversity in the U.S. by Forbes Magazine
- Increasingly improving associate engagement as evidenced by being named to list of "Best Global Company Cultures" by Comparably

- Operating performance improvement, technology delivery, and shared service center utilization leading to increased client confidence, including receiving a Service Operations Supplier Excellence Award by Toyota Financial Services
- Named as one of ISG's Top 15 Sourcing Index Standouts
- Recognized as a Leader in both Health and Welfare Administration and Learning by Nelson Hall
- Leveraging technology such as Automation, Machine Learning, Cloud and AI as well as 3rd Party Partnerships to enhance solutions and drive client value

Updated FY 2021 Guidance

	FY 2020 Actuals	Updated FY 2021 Guidance
Revenue	$4,163M	$4,050M - $4,150M
Adj. EBITDA(1)/ Adj. EBITDA Margin(1)	$480M / 11.5%	11.0% - 11.5%
Adj. Free Cash Flow(2) as % of Adj. EBITDA(1)	28%	Approx. 20%

(1) Refer to Appendix for complete non-GAAP reconciliations of Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Diluted EPS from Continuing Operations.

(2) Refer to Appendix for definition and complete non-GAAP reconciliation of Adjusted Free Cash Flow.

CFO Succession Announcement

Conduent also announced that Chief Financial Officer, Brian Webb-Walsh, intends to pursue an external opportunity and will be leaving Conduent as of June 11, 2021. The Company's current Corporate Controller and Principal Accounting Officer, Stephen (Steve) Wood, who joined Conduent in 2020 as part of the Company's routine succession planning efforts, will be promoted to the role of Chief Financial Officer at that time.

Cliff Skelton commented, "Steve was my chief financial officer before I joined Conduent and he has an impressive background as a strategic finance executive and proven business partner. He has been fully immersed in all aspects of the business since joining Conduent more than nine months ago. Brian has a new opportunity with a Fortune 100 company, and this is a natural next step for his career. He has been a trusted colleague and friend since I arrived at Conduent. Brian has dedicated 24 years to the organization as part of Xerox and then Conduent and, over the last two years, he has worked with me to improve the foundation of the Company. Given this improved foundation and our succession preparedness, I'm confident this will be a smooth transition. I am grateful for his contributions and I wish him the best in his next chapter."

Steve Wood has served in his current role since August 2020. Prior to joining Conduent, he spent 15 years at Fiserv Inc. in finance and accounting leadership positions, including most recently as the Chief Financial Officer of Fiserv Output Solutions. He is a Chartered Global Management Accountant with an MBA with distinction from Warwick Business School.

Conference Call

Management will present the results during a conference call and webcast on May 5, 2021 at 4:15 p.m. ET.

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

The conference call will also be available by calling 1-877-407-4019 toll-free. If requested, the conference ID for this call is 13718401.

The international dial-in is 1-201-689-8337. The international conference ID is also 13718401.

A recording of the conference call will be available by calling 1-877-660-6853 one hour after the conference call concludes. The replay ID is 13718401.

The telephone recording will be available until May 19, 2021.

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 our dedicated people, process and technology, Conduent solutions and services automate workflows, improve efficiencies, reduce costs and enable revenue growth. It is 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 three out of every four U.S. insured patients, 10 million employees who use its HR Services, and nearly 18 million benefits recipients. Conduent's solutions deliver exceptional outcomes for its clients including $16 billion in savings from medical bill review of workers compensation claims, up to 40% efficiency increase in HR operations, up to 27% reduction in government benefits costs, up to 40% improvement in finance, accounting and procurement expense, and improved customer service interaction times by up to 20% with higher end-user satisfaction. Learn more at www.conduent.com.

Non-GAAP Financial Measures

We have reported our financial results in accordance with U.S. generally accepted accounting principles (U.S. 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 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 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, our 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 of 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 U.S. 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,” "plan," “intend,” “will,” “aim,” “should,” “could,” “forecast,” “target,” “may,” "continue to," "if," “growing,” “projected,” “potential,” “likely,” and similar expressions, as they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. All statements other than statements of historical fact included in this press release are forward-looking statements, including, but not limited to, statements regarding our financial results, condition and outlook; changes in our operating results; general market and economic conditions; our transformation progress; future Net ARR Impact indicating future potential annualized revenue impact; our continued focus on improving growth, quality and efficiency across our people, processes and technology; our strategy of continuing to drive value for clients and shareholders and positioning us for long-term success; expectations regarding the benefits of our permanent cost savings actions in 2021; our solid game plan for 2021; our belief that we are well positioned to continue our progress towards growth; and our projected financial performance for the full year 2021, including all statements made under the section captioned “Updated FY 2021 Outlook” within this release. In addition, all statements regarding the anticipated effects of the novel coronavirus, or (COVID-19), pandemic and the responses thereto, including the pandemic’s impact on general economic and market conditions, as well as on our business, customers, and markets, results of operations and financial condition and anticipated actions to be taken by management to sustain our business during the economic uncertainty caused by the pandemic and related governmental and business actions, as well as other statements that are not strictly historical in nature, are forward looking. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, expected or intended or using other similar expressions.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this press release, any exhibits to this press release and other public statements we make.

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 significant continuing effects of the ongoing 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; government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts, including contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our reliance on third-party providers; our ability to deliver on our contractual obligations properly and on time; changes in interest in outsourced business process services; risk and impact of geopolitical events, natural disasters and other factors (such as pandemics, including coronavirus) in a particular country or region on our workforce, customers and vendors; claims of infringement of third-party intellectual property rights; our ability to estimate the scope of work or the costs of performance in our contracts; the loss of key senior management and our ability to attract and retain necessary technical personnel and qualified subcontractors; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings and protect our intellectual property rights; our ability to modernize our information technology infrastructure and consolidate data centers; the failure to comply with laws relating to individually identifiable information and personal health information; the failure to comply with laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to comply with data security standards; changes in tax and other laws and regulations; risk and impact of potential goodwill and other asset impairments; our significant indebtedness; our ability to obtain adequate pricing for our services and to improve our cost structure; our ability to collect our receivables, including those for unbilled services; a decline in revenues from, or a loss of, or a reduction in business from or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to receive dividends or other payments from our subsidiaries; developments in various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings; conditions abroad, including local economics, political environments, fluctuating foreign currencies and shifting regulatory schemes; changes in government regulation and economic, strategic, political and social conditions; changes in the volatility of our stock price and the risk of litigation following a decline in the price of our stock; the impact of the ongoing COVID-19 pandemic; 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 2020 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 or furnished to the Securities and Exchange Commission. Any forward-looking statements made by us in this release 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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CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

(in millions, except per share data)	Three Months Ended March 31, 2021	2020
Revenue	$ 1,028	$ 1,051
Operating Costs and Expenses		
Cost of services (excluding depreciation and amortization)	787	832
Selling, general and administrative (excluding depreciation and amortization)	126	116
Research and development (excluding depreciation and amortization)	—	1
Depreciation and amortization	95	117
Restructuring and related costs	13	7
Interest expense	13	17
Loss on divestitures and transaction costs	2	4
Litigation costs	1	6
Other (income) expenses, net	—	2
Total Operating Costs and Expenses	1,037	1,102
Loss Before Income Taxes	(9)	(51)
Income tax expense (benefit)	2	(2)
Net Loss	$ (11)	$ (49)
Net Loss per Share:		
Basic	$ (0.06)	$ (0.24)
Diluted	$ (0.06)	$ (0.24)

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

	Three Months Ended March 31,	
(in millions)	2021	2020
Net Loss	$ (11)	$ (49)
Other Comprehensive Income (Loss), Net[(1)]		
Currency translation adjustments, net	(11)	(28)
Unrecognized gains (losses), net	(1)	(3)
Changes in benefit plans, net	—	1
Other Comprehensive Income (Loss), Net	(12)	(30)
Comprehensive Loss, Net	$ (23)	$ (79)

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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, 2021	December 31, 2020
Assets		
Cash and cash equivalents	$ 389	$ 450
Accounts receivable, net	664	670
Contract assets	164	151
Other current assets	334	306
Total current assets	1,551	1,577
Land, buildings and equipment, net	281	305
Operating lease right-of-use assets	245	246
Intangible assets, net	147	187
Goodwill	1,513	1,528
Other long-term assets	413	413
Total Assets	$ 4,150	$ 4,256
Liabilities and Equity		
Current portion of long-term debt	$ 89	$ 90
Accounts payable	167	182
Accrued compensation and benefits costs	205	237
Unearned income	128	133
Other current liabilities	456	450
Total current liabilities	1,045	1,092
Long-term debt	1,388	1,420
Deferred taxes	96	97
Operating lease liabilities	205	207
Other long-term liabilities	106	108
Total Liabilities	2,840	2,924
Series A convertible preferred stock	142	142
Common stock	2	2
Additional paid-in capital	3,902	3,899
Retained earnings (deficit)	(2,326)	(2,313)
Accumulated other comprehensive loss	(410)	(398)
Total Equity	1,168	1,190
Total Liabilities and Equity	$ 4,150	$ 4,256
Shares of common stock issued and outstanding	212,389	212,074
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, 2021	Three Months Ended March 31, 2020
Cash Flows from Operating Activities:		
Net income (loss)	$ (11)	$ (49)
Adjustments required to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization	95	117
Contract inducement amortization	—	1
Deferred income taxes	(1)	(9)
(Gain) loss from investments	—	(1)
Amortization of debt financing costs	2	2
Loss on divestitures and sales of fixed assets, net	1	—
Stock-based compensation	3	4
Allowance for doubtful accounts	—	—
Changes in operating assets and liabilities	(91)	(257)
Net cash provided by (used in) operating activities	(2)	(192)
Cash Flows from Investing Activities:		
Cost of additions to land, buildings and equipment	(14)	(11)
Cost of additions to internal use software	(16)	(13)
Proceeds from divestitures	1	1
Net cash provided by (used in) investing activities	(29)	(23)
Cash Flows from Financing Activities:		
Proceeds from revolving credit facility and other loans	—	150
Payments on debt	(23)	(15)
Taxes paid for settlement of stock-based compensation	—	(3)
Dividends paid on preferred stock	(2)	(2)
Net cash provided by (used in) financing activities	(25)	130
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3)	(7)
Increase (decrease) in cash, cash equivalents and restricted cash	(59)	(92)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	458	505
Cash, Cash Equivalents and Restricted Cash at End of period[(1)]	$ 399	$ 413

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(1) Includes $10 million and $18 million restricted cash as of March 31, 2021 and 2020, respectively, that were included in Other current assets on their respective Condensed Consolidated Balance Sheets.

Non-GAAP Financial Measures

We have reported our financial results in accordance with U.S. generally accepted accounting principles (U.S. 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 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 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 of these non-GAAP measures.

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

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 Diluted Earnings per Share, Adjusted Weighted Average Common Shares Outstanding, 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 Revenue, Adjusted Net Income (Loss), Adjusted Diluted Earnings per Share, Adjusted Weighted Average Common Shares Outstanding, 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 charges 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 represents provisions for various matters subject to litigation.
- Other charges (credits). This includes Other (income) expenses, net on the Condensed Consolidated Statements of Income (loss) and other insignificant (income) expense associated with providing transition services on the California Medicaid contract loss and other adjustments.

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, Adjusted 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 charges (credits).

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.

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. 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 charges (credits).

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 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, and proceeds from sales of land, buildings and equipment. We use the non-GAAP measure of Free Cash Flow as a criterion of liquidity. 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.

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 the 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 and for performance based components of employee compensation; by excluding certain deferred compensation costs and our one-time Texas settlement costs, as well as transaction costs and transaction cost tax benefits related to acquisitions or divestitures, 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, it 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.

Revenue at 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 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 the outlook for Adjusted EBITDA we exclude certain items which are otherwise included in determining the comparable U.S. 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, 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. For the same reason, we are unable to provide GAAP expected adjusted tax rate, which adjusts for our non-GAAP adjustments.

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

(in millions)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
ADJUSTED REVENUE		
Revenue	$ 1,028	$ 1,051
Foreign currency impact	(7)	4
Revenue at Constant Currency	$ 1,021	$ 1,055
ADJUSTED NET INCOME (LOSS)		
Loss From Continuing Operations	$ (11)	$ (49)
Adjustments:		
Amortization of acquired intangible assets[1]	40	60
Restructuring and related costs	13	7
Loss on divestitures and transaction costs	2	4
Litigation costs	1	6
Other charges (credits)	—	(5)
Total Non-GAAP Adjustments	56	72
Income tax adjustments[2]	(9)	(9)
Adjusted Net Income (Loss)	$ 36	$ 14
ADJUSTED EFFECTIVE TAX		
Loss Before Income Taxes	$ (9)	$ (51)
Adjustments:		
Total Non-GAAP Adjustments	56	72
Adjusted PBT	$ 47	$ 21
Income tax expense (benefit)	$ 2	$ (2)
Income tax adjustments[2]	9	9
Adjusted Income Tax Expense (Benefit)	11	7
Adjusted Net Income (Loss)	$ 36	$ 14

CONTINUED (in millions)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
ADJUSTED OPERATING INCOME (LOSS)		
Loss Before Income Taxes	$ (9)	$ (51)
Adjustments:		
Total non-GAAP adjustments	56	72
Interest expense	13	17
Adjusted Operating Income (Loss)	$ 60	$ 38
ADJUSTED EBITDA		
Loss From Continuing Operations	$ (11)	$ (49)
Income tax expense (benefit)	2	(2)
Depreciation and amortization	95	117
Contract inducement amortization	—	1
Interest expense	13	17
EBITDA	99	84
Adjustments:		
Restructuring and related costs	13	7
Loss on divestitures and transaction costs	2	4
Litigation costs	1	6
Other charges (credits)	—	(5)
Adjusted EBITDA	$ 115	$ 96

1. *Included in Depreciation and amortization on the Consolidated Statements of Income (Loss).*
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, charges for amortization of intangible assets and restructuring.*

Non-GAAP Reconciliations: Adjusted Weighted Average Shares Outstanding, Adjusted Diluted EPS, Adjusted Effective Tax Rate, Adjusted Operating Margin and Adjusted EBITDA Margin were as follows:

	Three Months Ended March 31,	
(Amounts are in whole dollars, shares are in thousands and margins are in %)	2021	2020
ADJUSTED DILUTED EPS[(1)]		
Weighted Average Common Shares Outstanding	212,250	211,093
Adjustments:		
Restricted stock and performance units / shares	6,952	278
Adjusted Weighted Average Common Shares Outstanding	219,202	211,371
Diluted EPS from Continuing Operations	$ (0.06)	$ (0.24)
Adjustments:		
Total non-GAAP adjustments	0.25	0.33
Income tax adjustments[(2)]	(0.04)	(0.04)
Adjusted Diluted EPS	$ 0.15	$ 0.05
ADJUSTED EFFECTIVE TAX RATE		
Effective tax rate	(23.4)%	3.9 %
Adjustments:		
Total non-GAAP adjustments	46.8 %	29.4 %
Adjusted Effective Tax Rate[(2)]	23.4 %	33.3 %
ADJUSTED OPERATING MARGIN		
Income (Loss) Before Income Taxes Margin	(0.9)%	(4.9)%
Adjustments:		
Total non-GAAP adjustments	5.4 %	6.9 %
Interest expense	1.3 %	1.6 %
Margin for Adjusted Operating Income	5.8 %	3.6 %

CONTINUED	Three Months Ended March 31,	
(margins are in %)	2021	2020
ADJUSTED EBITDA MARGIN		
EBITDA Margin	9.6 %	8.0 %
Total non-GAAP adjustments	1.6 %	1.1 %
Adjusted EBITDA Margin	11.2 %	9.1 %

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(1) Average shares for the 2021 and 2020 calculation of adjusted EPS excludes 5.4 million shares associated with our Series A convertible preferred stock and includes the impact of preferred stock dividend of approximately $2 million for the three months ended March 31, 2021 and 2020, 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, charges for amortization of intangible assets and restructuring.

Free Cash Flow and Adjusted Free Cash Flow Reconciliation:

(in millions)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Operating Cash Flow	$ (2)	$ (192)
Cost of additions to land, buildings and equipment	(14)	(11)
Proceeds from sales of land, buildings and equipment	—	—
Cost of additions to internal use software	(16)	(13)
Tax payment related to divestitures	—	—
Free Cash Flow	$ (32)	$ (216)
Free Cash Flow	$ (32)	$ (216)
Transaction costs	1	1
Vendor financed lease payments	(2)	(4)
Texas litigation payments	—	118
Adjusted Free Cash Flow	$ (33)	$ (101)

May 5, 2021

Conduent
Q1 2021
Earnings Results

Cautionary Statements

Forward-Looking Statements

This document contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” "plan," “intend,” “will,” “aim,” “should,” “could,” “forecast,” “target,” “may,” "continue to," "if," “growing,” “projected,” “potential,” “likely,” and similar expressions, as they relate to us, are intended to identify forwa looking statements, but the absence of these words does not mean that a statement is not forward-looking. All statements other than statements of historical fact included in this press release forward-looking statements, including, but not limited to, statements regarding our financial results, condition and outlook; changes in our operating results; general market and economic conditions; our transformation progress; future Net ARR Impact indicating future potential annualized revenue impact; our continued focus on improving growth, quality and efficiency across o people, processes and technology; our strategy of continuing to drive value for clients and shareholders and positioning us for long-term success; expectations regarding the benefits of our permanent cost savings actions in 2021; our solid game plan for 2021; our belief that we are well positioned to continue our progress towards growth; and our projected financial performance the full year 2021, including all statements made under the section captioned “Updated FY 2021 Outlook” within this release. In addition, all statements regarding the anticipated effects of the novel coronavirus, or COVID-19, pandemic and the responses thereto, including the pandemic’s impact on general economic and market conditions, as well as on our business, customers, a markets, results of operations and financial condition and anticipated actions to be taken by management to sustain our business during the economic uncertainty caused by the pandemic an related governmental and business actions, as well as other statements that are not strictly historical in nature, are forward looking. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, expected or intended or using other similar expressions.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nat subject to many important factors and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this press relea any exhibits to this press release and other public statements we make.

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 significant continuing effects of the ongoing COVID-19 pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are highly uncertain and cannot b predicted; government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts, including contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our reliance on third-party providers; our ability to deliver on our contractual obligations properly and on time; changes in interest in outsourced business process services; risk and impact of geopolitical events, natural disasters and other factors (such as pandemics, including coronavirus) in a particular country or region on our workforce, customers and vendors; claims of infringement of third-party intellectual property rights; our ability to estir the scope of work or the costs of performance in our contracts; the loss of key senior management and our ability to attract and retain necessary technical personnel and qualified subcontrac increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings and protect our intellectual property rights; our abi to modernize our information technology infrastructure and consolidate data centers; the failure to comply with laws relating to individually identifiable information and personal health informat the failure to comply with laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information syste or security systems or any service interruptions; our ability to comply with data security standards; changes in tax and other laws and regulations; risk and impact of potential goodwill and oth asset impairments; our significant indebtedness; our ability to obtain adequate pricing for our services and to improve our cost structure; our ability to collect our receivables, including those fo 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 receive dividends or other payments from our subsidiaries; developments in various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings; conditions abroad, including local economics, political environments, fluctu foreign currencies and shifting regulatory schemes; changes in government regulation and economic, strategic, political and social conditions; changes in the volatility of our stock price and th risk of litigation following a decline in the price of our stock; the impact of the ongoing COVID-19 pandemic; 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 2020 Annual Report on Form 10-K, as v 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 i this release 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, whethe a result of new information, subsequent events or otherwise.

Cautionary Statements

CONDUENT

Non-GAAP Financial Measures

We have reported our financial results in accordance with U.S. generally accepted accounting principles (U.S. GAAP). In addition, we have discussed our financial resu 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 comp 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 item 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 peri against the corresponding prior period. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, our 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 use supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions, and providing such non-GAAI 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-GA measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on certain of these non-GAAP measures. Refer to the "Non-GAAP Financial Measures" section in this document for a discussion o these non-GAAP measures and their reconciliation to the reported U.S. GAAP measures.

A Company With Momentum

CONDUENT

A collaborative, teamwork-oriented culture laser focused on driving valuable outcomes for clients

A Great Place to Work

Comparably Best Global Company Culture #29 of 50

+8 Points Increase YoY on Employee Engagement Index

Comparably Best Places to Work in NYC Region

Forbes Magazine Top 500 Company for Diversity

↑8%
Overall Engagement Index
All categories improved over 2018

Forbes 2021 THE BEST EMPLOYERS FOR DIVERSITY

2021 Best Company GLOBAL CULTURE

Industry Accolades

ISG Top 15 Sourcing Index Standout

Business Services: NelsonHall, Everest Group, ISG

Healthcare: HfS Research, Everest

HR Services: NelsonHall, Everest Group, Brandon Hall Group

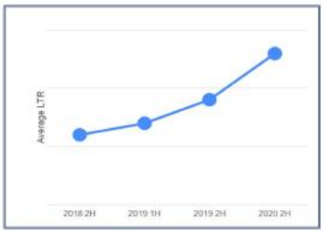
Customer Experience: ISG, Everest Group, Gartner

Client Satisfaction

Significantly improved **client satisfaction** 2 years in a row

Received an **ISG Service Operations Supplier Excellence Award** by Toyota Financial Services

TOYOTA FINANCIAL SERVICES



Commitment to E

Disclosed ESG data ali with **SASB Framework CDP**

Formation of **Corporat Social Responsibility Public Policy Commit** on Board of Directors

Pledge to **CEO Action Diversity and Inclusio**

CEO ACT!ON FOR DIVERSITY & INCLUSIO

Q1 2021 Highlights

CONDUENT

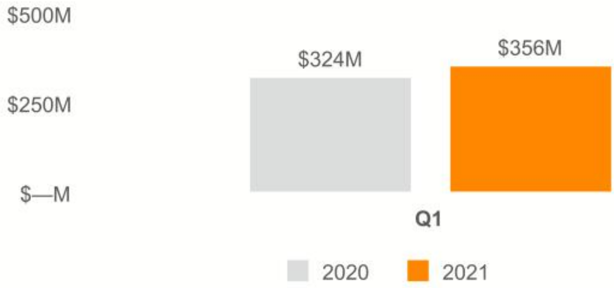
Q1 Results / Metrics	• Revenue: \$1,028M; down (2.2)% Yr/Yr • Adj. EBITDA[(1)]: \$115M; up 19.8% Yr/Yr • Adj. EBITDA margin[(1)] :11.2%; up 210 bps Yr/Yr • TCV new business signings: \$356M; up 10% Yr/Yr • New business ARR signings: \$95M; up 67% Yr/Yr • Net ARR Activity Impact (TTM)[(2)]: \$87M
Q1 Highlights	• Strong financial performance above internal and external expectations, driven by governn payments, new business ramp and efficiency progress • Operating performance improvement, technology delivery, and shared service center utiliz leading to increased client confidence • Improvements in service delivery leading to higher client engagement • Increasingly improving associate engagement - named to list of "Best Global Company C by Comparably and Forbes "Top 500 Best Employers for Diversity in the U.S."

(1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted EBITDA/Margin.

(2) Full definition in the appendix.

Growth and Retention

New Business TCV Signings (incl. ARR + NRR)

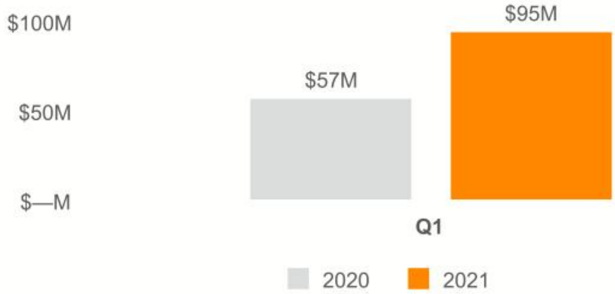


Net ARR Activity[1]

Q1 2021 TTM[2]
Net ARR Activity: $87M

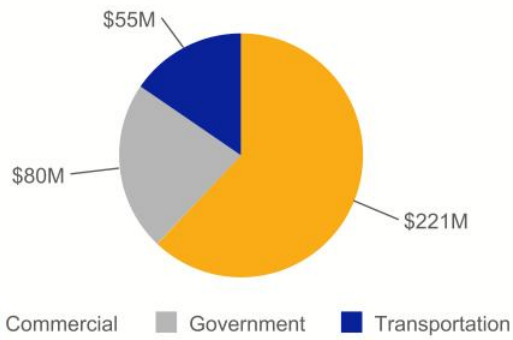
Net ARR Activity excludes Non-Recurring Revenue (NRR) and un-contracted volume changes [1]

New Business ARR



Sales Update

New Business TCV Signing by Segment



(1) Full definition in the appendix.
(2) Trailing Twelve Months.

Positioned for Growth

CONDUENT

Levers

People

- Continue to top-grade talent
- Driving "One-Conduent" culture and increased associate engagement
- Investment in Diversity & Inclusion initiatives
- Account management leadership and development
- New client engagement and selling system / process

Process

- Leveraging operational excellence through LEAN process improvements
- Finding efficiency through best practices, shared service centers and consistent metrics
- Increased focus on client engagement and account management
- Enabling cross-sells and "enterprise first" routines

Technology

- Operational and delivery efforts driving improved platform uptime
- Command center provides oversight, coordination and better monitoring
- Continued focus on security
- Leveraging partnerships
- Progress on tech infrastructure investment / data center consolidation

Outcomes

A solid foundation is giving rise to Growth, Efficiency a Quality

- **Operational improvements** in technology, security and risk management enabling better delivery and service
- **Improved quality** across every dimension of business with focus on driving client success
- **More robust** enterprise systems and protocols
- **Scalable** capabilities and technology can be leveraged across multiple segments
- **Shared service cente** established and techn infrastructure footprint optimized
- **Able to focus** on cont improvement and grow
- **Positive feedback** fro clients with higher clie retention and loyalty
- **Expanding relationsh** with existing clients an winning new clients

Progress continues and the growth pivot is in our sights with opportunity ahead of us.

Strong Positioning for Profitable Growth

CONDUENT

Commercial

TAM $160B
TAM Growth(1): *3.4%*

Drivers of opportunity

- **CXM** automation and digitization should drive margins and self-service solutions
- Growing demand for secure **Business Operations Solution offerings** adapted to cloud-based tools /software (particularly in financial services)
- Potential to increase addressable **Commercial HRLS** market with ancillary products and service expansion
- Strong positioning in growing **Healthcare Solutions** and **claims processing** markets

Government

TAM $14B
TAM Growth(1): *5.4%*

Drivers of opportunity

- Opportunity for **expanding addressable market** through products & service expansion and cross selling
- **Fraud tools and innovation** driving client satisfaction and opportunity
- **Payment capabilities** and technology can be leveraged across future commercial opportunities

Transportation

TAM $11B
TAM Growth(1): *5.5%*

Drivers of opportunity

- Focus on **geographic expansion** int saturated markets
- **Secular tailwinds** increasing electro tolling transactions, contactless servi digitalized ticketing systems
- Addressable market expansion and positioning driven by **technology-le partnerships**
- **Diverse product suite** allows for pu untapped markets

Total Addressable Market (TAM) of >$185B across categories

Significant room for growth via investment in new technologies and geographies

Source: Nelson Hall, Conduent Analysis; Frost and Sullivan; Devenir; Aite Group.
Note: Revenue represents FY 2020 figures.
(1) 2021 – 2023 CAGR.

Financials

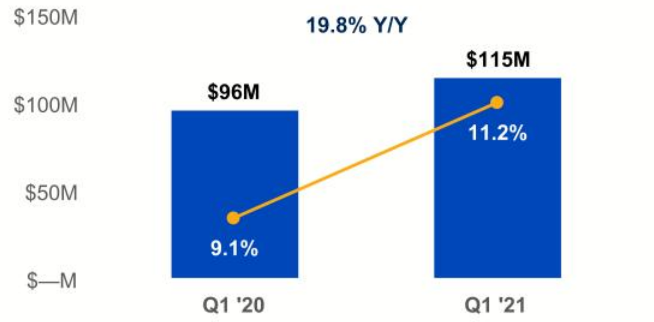
Q1 2021 P&L Metrics

CONDUENT

Revenue

Revenue Trend (Y/Y Compare)

Adj. EBITDA[(1)]



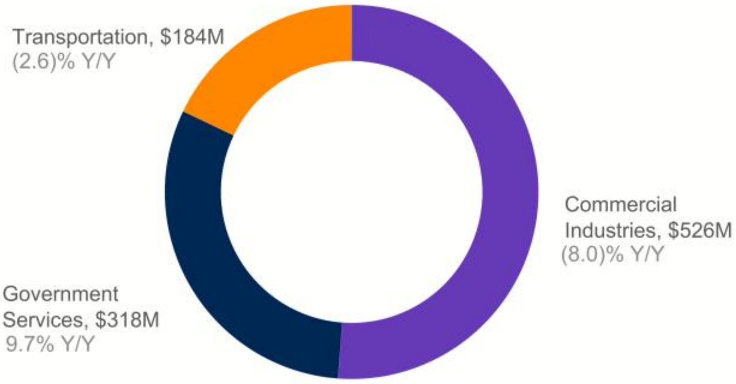
- **Revenue:**
  - Decline driven by lost business from prior years, partially offset by increased volumes and new business ramp
  - Y/Y revenue trend improving
- **Adj. EBITDA[(1)]:**
  - Increase driven by revenue mix and overall efficiency progress
- **Adj. EBITDA Margin[(1)]:**
  - 11.2%, up 210 bps Y/Y

(1) Refer to Appendix for complete Non-GAAP reconciliations of adjusted EBITDA/margin.
(2) Q1 2019 Revenue adjusted for divestitures in Y/Y comparison

Q1 2021 P&L by Segment

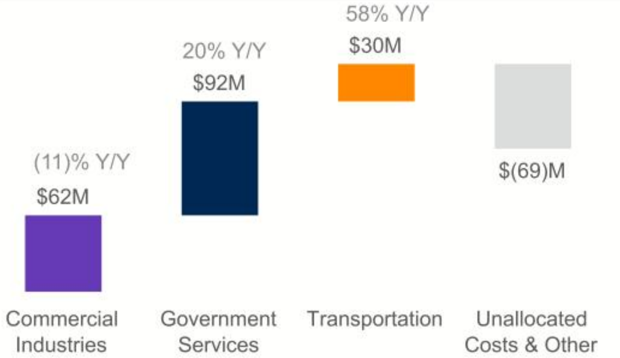
CONDUENT

Revenue



- **Commercial**: Decline driven by lost business from prior years and lower volumes (COVID-19 impact)
- **Government**: Growth driven by payments activity (COVID-19) and new business ramp
- **Transportation**: Decline driven by lost business from prior years, partialy offset by new business

Adj. EBITDA[1] Contributions



- **Commercial:** Adj. EBITDA decline driven by low revenue, partially offset by efficiency progress; m 11.8%, down slightly vs Q1 2020
- **Government:** Adj. EBITDA driven by revenue m efficiency progress; margin 28.9% up 230 bps Y/
- **Transportation:** Adj. EBITDA increase driven by efficiency progress and revenue mix; margin 16. 620 bps Y/Y
- **Unallocated costs:** Increase driven by certain e costs partially offset by lower IT and Real Estate

(1) Refer to Appendix for complete Non-GAAP reconciliations of adjusted EBITDA/margin.

Q1 2021 Cash Flow and Balance Sheet

CONDUENT

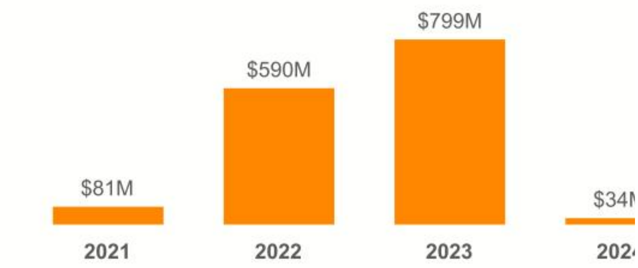
- Q1 2021 Adj. Free Cash Flow[1]: $(33)M
  - Above internal expectations
- Q1 2021 Capex[6] as % of revenue: 2.9%
- Net adjusted leverage ratio[7] of 2.2x
- $399M of cash[2] at end of Q1 2021

Balance Sheet

($ in millions)	**12/31/2020**	**3/31**
Total Cash[2]	$458	$
Total Debt[2]	1,510	1,
Term Loan A[3,4] due 2022	654	6
Term Loan B[3] due 2023	816	8
Revolving Credit Facility due 2022[5]	—	
10.5% Senior Notes due 2024	34	
Finance leases and Other loans	24	
Net adjusted leverage ratio[7]	2.1x	2

Q1 2021 Cash Balance Changes

Debt Maturity[4,8]



For the complete set of footnotes associated with this slide, please refer to the last page of the Appendix.

Updated FY 2021 Guidance

	FY 2020 Actuals	Updated FY 2021 Guidance
Revenue	$4,163M	$4,050M - $4,150M
Adj. EBITDA / Adj. EBITDA Margin[(1)]	$480M / 11.5%	11.0% - 11.5%
Adj. Free Cash Flow[(2)] as % of Adj. EBITDA[(1)]	28%	Approx. 20%
Restructuring	$67M	$40M - $45M
CapEx	$139M	Approx. $170M

(1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted EBITDA/Margin.

(2) Refer to Appendix for definition and complete non-GAAP reconciliation of Adjusted Free Cash Flow.

Q&A

Sales Metrics

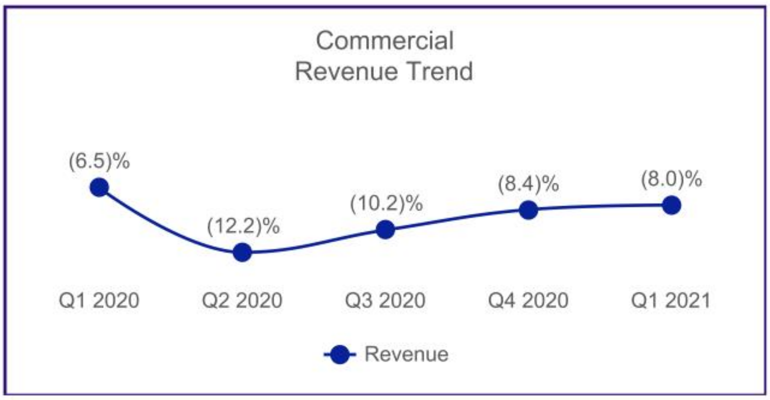
TCV Signings (incl. ARR + NRR)

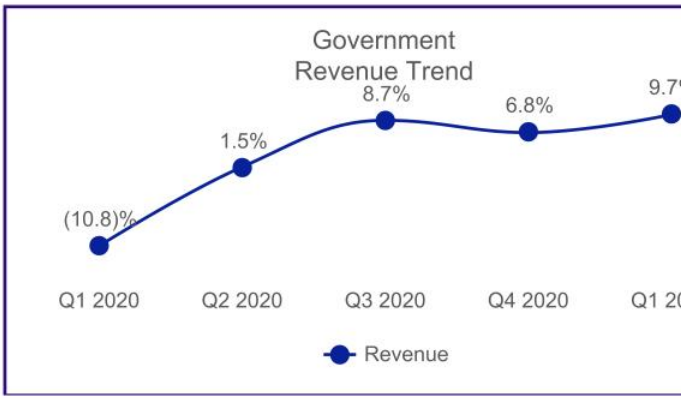
Cumulative Pipeline

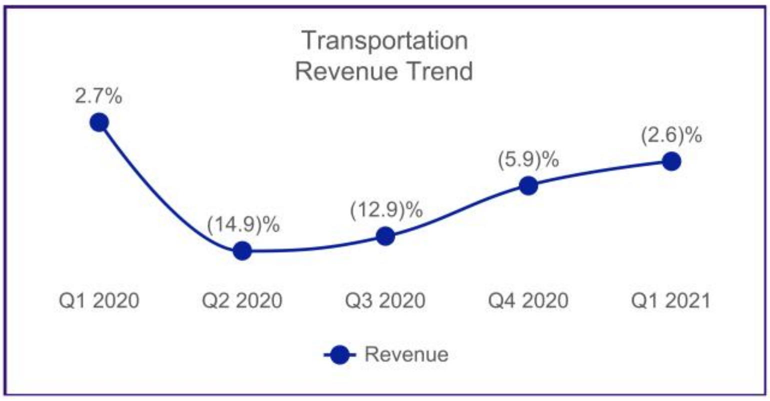
New Business (ARR + NRR Breakdown)

Implied New Business Avg. Contract Lengt

Segment Revenue Trend







Improving trends and opportunity across segments

- **Commercial:**
  - As COVID-19 impacts in Business Operatio Solutions and Healthcare offerings lap and segment positioned well for recovery
  - Rising interest rates should drive revenue e in BenefitWallet offering (longer-term oppor
- **Transportation:**
  - As COVID-19 impacts lap and lessen, segn positioned well for recovery
- **Government:**
  - COVID-19 volumes expected to decline beg Sept 2021

Definitions

New Business Total Contract Value (TCV): Estimated total future revenues from contracts signed during the year related to new logo, new service li or expansion with existing customers.

New Business Non-Recurring Revenue (NRR) metric measures the non-recurring revenue for any new business signing, includes:

i. Signing value of any contract with term less than 12 months
ii. Signing value of project based revenue, not expected to continue long term

New Business Annual Recurring Revenue (ARR) metric measures the revenue from recurring services provided to the client for any new business signing. ARR represents the recurring services provided to a customer with the opportunity for renewal at the end of the contract term. The calculation ARR is (Total Contract Value less Non-Recurring Revenue) divided by the Contract Term.

Renewal TCV Signings: Estimated total future revenues from contracts signed during the year related to renewals.

Renewal Signings Annual Recurring Revenue (ARR): metric measures the revenue from recurring services provided to the client for any renewal signing. ARR represents the recurring services provided to a customer with the opportunity for renewal at the end of the contract term. The calculation ARR is (Total Contract Value less Non-Recurring Revenue) divided by the Contract Term.

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

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

Implied New Business Average Contract Length: (New business TCV – New business NRR) / New business ARR = Implied New Business Average Contract Length.

Non-GAAP Financial Measures

Non-GAAP Financial Measures

We have reported our financial results in accordance with U.S. generally accepted accounting principles (U.S. GAAP). In addition, we have discussed our financial results using non-GAAP measures. We believe t 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 Diluted Earnings per Share, Adjusted Weighted Average Common Shares Outstanding, 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 Revenue, Adjusted Net Income (Loss Diluted Earnings per Share, Adjusted Weighted Average Common Shares Outstanding, 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 charges related to the unanticipated losses of certain customer contracts, lower potential future volumes and lower than expected new customer co 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 represents provisions for various matters subject to litigation.
- Other charges (credits). This includes Other (income) expenses, net on the Condensed Consolidated Statements of Income (loss) and other insignificant (income) expense associated with providing transitio on the California Medicaid contract loss and other adjustments.

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 ou 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 reflect 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 ongoi

Non-GAAP Financial Measures

Adjusted Revenue, Adjusted 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 charges (credits).

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, b 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 ma also provide added insight on trends in our ongoing business.

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. 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 charges (credits).

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 Adjusted EBITDA Margin in the same manner.

Non-GAAP Financial Measures

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 proceeds from sales of land, buildings and equipment. We use the non-GAAP measure of Free Cash Flow as a criterion of liquidity. 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.

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 the 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 and for performance based components of employee compensation; by excluding certain deferred compensation costs and our one-time Texas settlement costs, as well as transaction costs and transaction cost tax benefits related to acquisitions or divestitures, 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, it 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.

Revenue at 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 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 the outlook for Adjusted EBITDA we exclude certain items which are otherwise included in determining the comparable U.S. 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, 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. For the same reason, we are unable to provide GAAP expected adjusted tax rate, which adjusts for our non-GAAP adjustments.

Non-GAAP Reconciliations

CONDUENT

Revenue at Constant Currency, Adjusted Net Income (Loss), Adjusted Effective Tax Rate, Adjusted Operating Income (Loss) and Adjusted EBITDA

(in millions)	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue	$ 1,028	$ 4,163	$ 1,055	$ 1,041	$ 1,016	$ 1,051
Foreign currency impact	(7)	1	(5)	(2)	4	4
Revenue at Constant Currency	$ 1,021	$ 4,164	$ 1,050	$ 1,039	$ 1,020	$ 1,055
ADJUSTED NET INCOME (LOSS)						
Loss From Continuing Operations	$ (11)	$ (118)	$ (11)	$ (7)	$ (51)	$ (49)
Adjustments:						
Amortization of acquired intangible assets[1]	40	239	59	60	60	60
Restructuring and related costs	13	67	11	20	29	7
Loss on divestitures and transaction costs	2	17	3	8	2	4
Litigation costs	1	20	—	—	14	6
Other charges (credits)	—	(6)	1	(1)	(1)	(5)
Total Non-GAAP Adjustments	56	337	74	87	104	72
Income tax adjustments[2]	(9)	(75)	(17)	(23)	(26)	(9)
Adjusted Net Income (Loss)	$ 36	$ 144	$ 46	$ 57	$ 27	$ 14

CONTINUED

(in millions)	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
ADJUSTED EFFECTIVE TAX						
Loss Before Income Taxes	$ (9)	$ (139)	$ (11)	$ (13)	$ (64)	$
Adjustment:						
Total Non-GAAP Adjustments	56	337	74	87	104	
Adjusted PBT	$ 47	$ 198	$ 63	$ 74	$ 40	$
Income tax expense (benefit)	$ 2	$ (21)	$ —	$ (6)	$ (13)	$
Income tax adjustments(2)	9	75	17	23	26	
Adjusted Income Tax Expense (Benefit)	11	54	17	17	13	
Adjusted Net Income (Loss)	$ 36	$ 144	$ 46	$ 57	$ 27	$
ADJUSTED OPERATING INCOME (LOSS)						
Loss Before Income Taxes	$ (9)	$ (139)	$ (11)	$ (13)	$ (64)	$
Adjustment:						
Total non-GAAP adjustments	56	337	74	87	104	
Interest expense	13	60	14	14	15	
Adjusted Operating Income (Loss)	$ 60	$ 258	$ 77	$ 88	$ 55	$

CONTINUED

(in millions)	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
ADJUSTED EBITDA						
Loss From Continuing Operations	$ (11)	$ (118)	$ (11)	$ (7)	$ (51)	$ (49)
Income tax expense (benefit)	2	(21)	—	(6)	(13)	(2)
Depreciation and amortization	95	459	115	112	115	117
Contract inducement amortization	—	2	—	1	—	1
Interest expense	13	60	14	14	15	17
EBITDA	99	382	118	114	66	84
Adjustments:						
Restructuring and related costs	13	67	11	20	29	7
Loss on divestitures and transaction costs	2	17	3	8	2	4
Litigation costs	1	20	—	—	14	6
Other charges (credits)	—	(6)	1	(1)	(1)	(5)
Adjusted EBITDA	$ 115	$ 480	$ 133	$ 141	$ 110	$ 96

1. *Included in Depreciation and amortization on the Consolidated Statements of Income (Loss).*
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, 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 Rat
Adjusted Operating Margin, and Adjusted EBITDA Margin

(Amounts are in whole dollars, shares are in thousands and margins are in %)	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
ADJUSTED DILUTED EPS[(1)]						
Weighted Average Common Shares Outstanding	212,250	210,018	209,981	209,244	209,129	211,093
Adjustments:						
Restricted stock and performance units / shares	6,952	4,969	8,483	4,592	1,413	278
Adjusted Weighted Average Common Shares Outstanding	219,202	214,987	218,464	213,836	210,542	211,371
Diluted EPS from Continuing Operations	$ (0.06)	$ (0.61)	$ (0.07)	$ (0.04)	$ (0.25)	$ (0.24)
Adjustments:						
Total non-GAAP adjustments	0.25	1.58	0.35	0.41	0.49	0.33
Income tax adjustments[(2)]	(0.04)	(0.35)	(0.08)	(0.11)	(0.12)	(0.04)
Adjusted Diluted EPS	$ 0.15	$ 0.62	$ 0.20	$ 0.26	$ 0.12	$ 0.05
ADJUSTED EFFECTIVE TAX RATE						
Effective tax rate	(23.4)%	15.1 %	— %	46.2 %	20.3 %	3.9 %
Adjustments:						
Total non-GAAP adjustments	46.8	12.2	27.0	(23.2)	12.2	29.4
Adjusted Effective Tax Rate[(2)]	23.4 %	27.3 %	27.0 %	23.0 %	32.5 %	33.3 %

CONTINUED

(Margins are in %)	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
ADJUSTED OPERATING MARGIN						
Income (Loss) Before Income Taxes Margin	(0.9)%	(3.3)%	(1.0)%	(1.2)%	(6.3)%	(4.9)%
Adjustments:						
Total non-GAAP adjustments	5.4	8.1	7.0	8.4	10.2	6.9
Interest expense	1.3	1.4	1.3	1.3	1.5	1.6
Margin for Adjusted Operating Income	5.8 %	6.2 %	7.3 %	8.5 %	5.4 %	3.6 %
ADJUSTED EBITDA MARGIN						
EBITDA Margin	9.6	9.2	11.2	11.0	6.5	8.0
Total non-GAAP adjustments	1.6	2.3	1.4	2.5	4.3	1.1
Adjusted EBITDA Margin	11.2 %	11.5 %	12.6 %	13.5 %	10.8 %	9.1 %

1. *Average shares for the 2021 and 2020 calculation of adjusted EPS excludes 5.4 million shares associated with our Series A convertible preferred stock and includes the impact o the preferred stock dividend of approximately $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, charges for amortization of intangible assets and restructuring.*

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

(in millions)	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Operating Cash Flow	$ (2)	$ 161	$ 172	$ 107	$ 74	$ (192)
Cost of additions to land, buildings and equipment	(14)	(76)	(28)	(18)	(19)	(11)
Proceeds from sale of land, buildings and equipment	—	—	—	—	—	—
Cost of additions to internal use software	(16)	(63)	(16)	(17)	(17)	(13)
Tax payment related to divestitures	—	—	—	—	—	—
Free Cash Flow	**(32)**	**22**	**128**	**72**	**38**	**(216)**
Transaction costs	1	5	2	—	2	1
Transaction costs tax benefit	—	—	—	—	—	—
Vendor financed lease payments	(2)	(11)	(2)	(3)	(2)	(4)
Texas litigation payments	—	118	—	—	—	118
Adjusted Free Cash Flow	**$ (33)**	**$ 134**	**$ 128**	**$ 69**	**$ 38**	**$ (101)**

The below footnotes correspond to the Cash Flow and Balance Sheet slide

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

(2) Total Cash includes $10M and $8M of restricted cash as of March 31, 2021 and December 31, 2020, respectively, and Total debt excludes deferred financing costs.

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

(4) Term Loan A includes EUR 230M, converted to USD using conversion rates on March 31, 2021.

(5) $743M of available capacity under Revolving Credit Facility as of March 31, 2021.

(6) Capex refers to Land, Buildings & Equipment plus additions to Internal Use Software.

(7) 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.

(8) Debt maturity amounts exclude $17M of capital leases and $(16)M of debt issuance costs and unamortized discounts. In addition, as previously announced, on May 1, 2021 we redeemed the remaining $34M of Senior Notes due 2024.