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): April 30, 2024

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))

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

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

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

Emerging Growth Company ☐

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

Item 2.01. Completion of Acquisition or Disposal of Assets.

Sale of Curbside Management and Public Safety Solutions Businesses

As previously announced on December 28, 2023, Conduent Incorporated ("Conduent"), through its wholly owned subsidiary, Conduent Business Services, LLC (“CBS” and together with Conduent, the "Company"), as well as other subsidiaries, entered into a definitive agreement with Modaxo Traffic Management USA Inc. (the "Buyer") to sell the Company's Curbside Management and Public Safety Solutions businesses (the "Sale") for $230 million (plus the assumption of certain indebtedness) (the "Purchase Price"), subject to customary purchase price adjustments.

On April 30, 2024, the Sale was completed and the Company received $174 million of the Purchase Price in the form of cash consideration, a $50 million note receivable (with a discounted value of $47 million) payable in one year, and other amounts receivable of $50 million (primarily related to the reimbursement for finance lease liability payoffs and the purchase of certain equipment on the Buyer's behalf), which are payable in the fourth quarter of 2024. The Purchase Price is subject to customary purchase price adjustments expected to be settled in the fourth quarter of 2024.

Item 7.01. Regulation FD Disclosure

On May 1, 2024, the Company issued a press release announcing the completion of the Sale, a copy of which is furnished as Exhibit 99.1 hereto.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1, will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as may be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The following unaudited pro forma condensed consolidated financial statements of Conduent, after giving effect to the Sale, are filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein:

- Conduent’s unaudited pro forma condensed consolidated balance sheet as of December 31, 2023; and
- Conduent’s unaudited pro forma condensed consolidated statement of income (loss) for the year ended December 31, 2023.

In addition to adjusting the pro forma financial statements to exclude the Sale and the expected use of proceeds of the Sale, Conduent has also included adjustments to reflect the disposition of its BenefitWallet health savings account, medical savings account and flexible spending account portfolio (the "BenefitWallet Transfer") as previously presented in the pro forma condensed consolidated financial statements included in Exhibit 99.1 to the Current Report on Form 8-K filed by Conduent with the Securities and Exchange Commission on March 13, 2024 (the "BenefitWallet 8-K") . The amounts in the "Transfer" column of the pro forma financial statements filed with this Current Report on Form 8-K have been adjusted to include the BenefitWallet Transfer, as previously filed with the BenefitWallet 8-K as well as to reflect repayment of debt in the amount of $334 million with the proceeds from the closing of the BenefitWallet Transfer.

The unaudited pro forma condensed consolidated financial statements are not intended to represent or be indicative of the Conduent’s consolidated results of operations or financial position that would have been reported had the Sale been completed as of the dates presented and should not be taken as representation of the Conduent’s future consolidated results of operations or financial condition. The pro forma adjustments are based on available information and certain assumptions that management believes are reasonable under the circumstances.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release, dated May 1, 2024
99.2	Unaudited Pro Forma Condensed Consolidated Financial Statements of Conduent Incorporated
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Forward-Looking Statements

This Current Report on Form 8-K ("Report") and any exhibits to this Report may contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995, as amended. The words “anticipate,” “believe,” “estimate,” “expect,” “plan,” “intend,” “will,” “aim,” “should,” “could,” “forecast,” “target,” “may,” “continue to,” “endeavor,” “if,” “growing,” “projected,” “potential,” “likely,” “see,” “ahead,” “further,” “going forward,” “on the horizon,” and similar expressions, as they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. These statements include, but may not be limited to, statements regarding the Sale, including regarding the expected timing of receiving the Purchase Price for the Sale, as well as statements regarding the BenefitWallet Transfer. 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 Report, any exhibits to this Report and other public statements we make. Important factors and uncertainties that could cause actual results to differ materially from those in our forward-looking statements include, but are not limited to: risks related to Conduent’s dispositions, including the Sale and the BenefitWallet Transfer, including but not limited to Conduent’s ability to realize the benefits anticipated from such transactions; unexpected costs, liabilities or delays in connection with the transactions; the significant transaction costs associated with the transactions; negative effects of the announcement, pendency or consummation of the transactions on the market price of our common stock or operating results, including as a result of changes in key customer, supplier, employee or other business relationships; the risk of litigation or regulatory actions; our inability to retain and hire key personnel; the risk that certain contractual restrictions contained in the transaction agreements during the pendency of proposed transactions could adversely affect our ability to pursue business opportunities or strategic transactions; and other factors that are set forth in the “Risk Factors” and other sections of our Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission ("SEC"). Any forward-looking statements made by us in this Report speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether because of new information, subsequent events or otherwise, except as required by law.

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 1, 2024

CONDUENT INCORPORATED

By: ***/s/ STEPHEN WOOD***

Stephen Wood

Executive Vice President and Chief Financial Officer

News from Conduent

Conduent Incorporated
100 Campus Drive
Florham Park, N.J. 07932
www.Conduent.com

Conduent Completes Sale of its Curbside Management and Public Safety Businesses to Modaxo

Sale demonstrates continued progress in Conduent's strategy to streamline its portfolio to drive increased focus on its core capabilities and enable synergistic growth

FLORHAM PARK, N.J., May 1, 2024 — Conduent Incorporated (Nasdaq: CNDT), a global technology-led business solutions and services company, today announced it has successfully completed the sale of its Curbside Management Solutions and Public Safety Solutions businesses to Modaxo, a division of Constellation Software Inc. (TSX: CSU). The signing of the transaction was announced on December 28, 2023. The sale has a purchase price of $230 million.

"This divestiture marks another significant step in our efforts to concentrate on our core capabilities and foster growth that benefits both our shareholders and clients," said Cliff Skelton, Conduent President and CEO. "With the completion of this sale, our focus remains on a smooth transition for our team members and clients as we continue to execute our growth strategy and advance toward our deployable capital goal."

As outlined during Conduent's 2023 investor briefing, the company set on a course to rationalize its business portfolio to increase focus on core capabilities, become more nimble, and enhance shareholder and client value.

Conduent will also continue to drive innovation in its Road Usage Charging Solutions and Transit Solutions businesses to enable streamlined, high-volume mobility services. The sale to Modaxo has no impact on these businesses.

Additional details of the transaction are outlined in Conduent's 8-K filed with the U.S. Securities and Exchange Commission (SEC) today.

About Conduent
Conduent delivers digital business solutions and services spanning the commercial, government and transportation spectrum – creating valuable outcomes for its clients and the millions of people who count on them. The Company leverages cloud computing, artificial intelligence, machine learning, automation and advanced analytics to deliver mission-critical solutions. Through a dedicated global team of approximately 59,000 associates, process expertise and advanced technologies, Conduent's solutions and services digitally transform its clients' operations to enhance customer experiences, improve performance, increase efficiencies and reduce costs. Conduent adds momentum to its clients' missions in many ways including disbursing approximately $100 billion in government payments annually, enabling 2.3 billion customer service interactions annually, empowering millions of employees through HR services every year and processing nearly 13 million tolling transactions every day. Learn more at www.conduent.com.

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Note: To receive RSS news feeds, visit www.news.conduent.com. For open commentary, industry perspectives and views, visit http://twitter.com/Conduent, http://www.linkedin.com/company/conduent or http://www.facebook.com/Conduent.

Trademarks

Forward-Looking Statements

This press 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," “endeavor,” "if," “growing,” “projected,” “potential,” “likely,” "see," "ahead," "further," "going forward," "on the horizon," “enable,” “strategy,” and similar expressions (including the negative and plural forms of such words and phrases), as they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. All statements other than statements of historical fact included in this press release are forward-looking statements, including, but not limited to, statements regarding Conduent’s focus on continuing to provide a seamless transition for team members and clients as Conduent executes its growth strategy and advances towards its deployable capital goal, expectations that Conduent will continue to drive innovation in its Road Usage Charging Solutions and Transit Solutions businesses to enable streamlined, high-volume mobility services, and Conduent’s strategy to streamline its portfolio to drive increased focus on its core capabilities and enable synergistic growth, as well as to rationalize its business portfolio to increase focus on core capabilities, become more nimble, and enhance shareholder and client value. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, many of which are outside of our control, that could cause actual results to differ materially from those expected or implied by such forward-looking statements contained in this press release, any exhibits to this press release and other public statements we make. Important factors and uncertainties that could cause actual results to differ materially from those in our forward-looking statements include, but are not limited to: Conduent’s ability to realize the benefits anticipated from the sale of its curbside management and public safety businesses; unexpected costs, liabilities or delays in connection with the transaction; the significant transaction costs associated with the transaction; negative effects of the announcement, pendency or consummation of the transaction on the market price of our common stock or operating results, including as a result of changes in key customer, supplier, employee or other business relationships; the risk of litigation or regulatory actions; our inability to retain and hire key personnel; the risk that certain contractual restrictions contained in the definitive transaction agreement could adversely affect our ability to pursue business opportunities or strategic transactions; and other factors that are set forth in the “Risk Factors” and other sections of our Annual Report on Form 10-K, as well as in our Quarterly Reports on

Form 10-Q and Current Reports on Form 8-K filed with or furnished to the Securities and Exchange Commission. Any forward-looking statements made by us in this press 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 because of new information, subsequent events or otherwise, except as required by law.

Conduent Incorporated
Unaudited Pro Forma Condensed Consolidated Financial Statements

Introduction

Conduent Incorporated (“Conduent” or the “Company”) has previously disclosed its strategy to streamline its business to drive increased focus on its core capabilities and enable synergistic growth to create shareholder and client value. As part of this strategy, Conduent has entered into two separate transactions to transfer, sell or otherwise divest two pieces of its business. Below, we provide details on each transaction, along with the unaudited pro forma condensed consolidated financial information reflecting the pro forma effects of such transactions.

Sale of Curbside Management and Public Safety Solutions Businesses

As previously announced on December 28, 2023, the Company, through its wholly owned subsidiary, Conduent Business Services, LLC (“CBS”), as well as other subsidiaries entered into a definitive agreement with Modaxo Traffic Management USA Inc. (the “Buyer”) to sell its Curbside Management and Public Safety Solutions businesses (the “Sale”) for $230 million (plus the assumption of certain indebtedness), subject to customary purchase price adjustments (the “Curbside Management Purchase Price”).

On April 30, 2024, the Sale was completed. The Company received $174 million of the Curbside Management Purchase Price in the form of cash consideration, a $50 million note receivable (with a discounted value of $47 million) payable in one year, and other amounts receivable of $50 million ($39 million of which is related to the reimbursement for finance lease liability payoffs and the purchase of certain equipment on the Buyer’s behalf, and $11 million of which is related to a purchase price holdback), which are payable in the fourth quarter of 2024. The Curbside Management Purchase Price is subject to customary purchase price adjustments expected to be settled in the fourth quarter of 2024.

BenefitWallet Transfer

As previously announced on September 19, 2023, Conduent, by and through CBS, entered into a Custodial Transfer and Asset Purchase Agreement (the "Purchase Agreement") with HealthEquity, Inc. ("HealthEquity"), to transfer its BenefitWallet health savings account ("HSA") and medical savings account ("MSA") portfolio (collectively, the “BenefitWallet Business”) to HealthEquity (the "Transfer"). Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Purchase Agreement.

The Purchase Agreement provides that HealthEquity will, over the course of the several Conversion Dates, pay to CBS an aggregate purchase price of $425 million (the “BenefitWallet Purchase Price”), subject to a purchase price adjustment following the Final Conversion Date based on the amount of HSA and MSA assets actually transferred, as consideration for its acquisition of the exclusive right to act as custodian of the HSA Accounts and MSA Accounts (and the assumption of certain specified obligations). The Transfer closes in multiple tranches. A pro-rata portion of the BenefitWallet Purchase Price, based upon the relative value of HSA and MSA assets transferred in the respective tranche, shall be payable upon each Conversion Date.

On March 7, 2024, upon completion of the first tranche of the Transfer, the Initial Conversion Date was attained and Conduent received $164 million as the pro-rata share of the BenefitWallet Purchase Price. The second tranche was completed on April 11, 2024 and Conduent received $85 million as the pro-rata share of the BenefitWallet Purchase Price. Conduent anticipates the final tranche will be completed on or about May 9, 2024 and the final balance of the BenefitWallet Purchase Price of $176 million will be received. The proceeds of $164 million and $85 million from the closing of the first and second tranches, respectively, have been used to pay down debt.

Basis of Pro Forma Condensed Consolidated Financial Information

The unaudited pro forma condensed consolidated financial information of the Company was derived from the historical condensed consolidated financial statements. The unaudited pro forma condensed consolidated balance sheet gives effect to the Sale and the Transfer as if they had each occurred on December 31, 2023. The unaudited pro forma condensed consolidated statements of income (loss) for the year ended December 31, 2023, give effect to the Sale and the Transfer as if they had each occurred on January 1, 2023. The following unaudited pro forma condensed consolidated financial information should be read in conjunction with the Company's historical financial statements and accompanying notes for the year ended December 31, 2023, which were included in the Company's Form 10-K filed on February 21, 2024.

The transaction accounting adjustments for the Sale and the Transfer remove results of operations and also give effect to adjustments to reflect: (i) the cash and non-cash proceeds of $232 million and $425 million from the Sale and the Transfer, respectively; (ii) the payment of related income taxes of $46 million and $85 million related to the Sale and the Transfer, respectively; (iii) the repayment of debt in the amount of $130 million and $334 million with the proceeds from the Sale and the Transfer, respectively; and (iv) removing the net assets associated with the Sale. As of January 1, 2023 and December 31, 2023, there were no material asset or liability balances related to the BenefitWallet Business.

The unaudited pro forma condensed consolidated financial information is based on information currently available and assumptions that the Company believes are reasonable. Such information is provided for illustrative and informational purposes only and is not intended to reflect what the Company's consolidated financial position and results of operations would have been had the Sale and the Transfer occurred on the dates indicated above and is not necessarily indicative of the Company's future consolidated financial position and results of operations.

Exhibit 99.1

Conduent Incorporated
Unaudited Pro Forma Condensed Consolidated Balance Sheet
As of December 31, 2023

		Transaction Accounting Adjustments			
(in millions)	Conduent Historical	Sale	Transfer	Note 2	Unaudited Pro Forma
Assets					
Cash and cash equivalents	$ 498	$ (39)	$ 6	(a)(b)	$ 465
Accounts receivable, net	559	—	—		559
Assets held for sale	180	(180)	—	(c)	—
Contract assets	178	—	—		178
Other current assets	240	97	—	(d)	337
Total current assets	1,655	(122)	6		1,539
Land, buildings and equipment, net	197	—	—		197
Operating lease right-of-use assets	191	—	—		191
Intangible assets, net	32	—	—		32
Goodwill	651	—	—		651
Other long-term assets	436	—	—		436
Total Assets	$ 3,162	$ (122)	$ 6		$ 3,046
Liabilities and Equity					
Current portion of long-term debt	$ 34	$ —	$ —		$ 34
Accounts payable	174	—	—		174
Accrued compensation and benefits costs	183	—	—		183
Unearned income	91	—	—		91
Liabilities held for sale	58	(58)	—	(c)	—
Other current liabilities	328	4	13	(e)	345
Total current liabilities	868	(54)	13		827
Long-term debt	1,248	(128)	(330)	(f)	790
Deferred taxes	30	$ (13)	23	(g)	40
Operating lease liabilities	157	—	—		157
Other long-term liabilities	84	—	—		84
Total Liabilities	2,387	(195)	(294)		1,898
Series A convertible preferred stock	142	—	—		142
Common stock	2	—	—		2
Treasury stock, at cost	(27)	—	—		(27)
Additional paid-in capital	3,938	—	—		3,938
Retained earnings (deficit)	(2,849)	73	300	(h)	(2,476)
Accumulated other comprehensive loss	(435)		—		(435)
Total Conduent Inc. Equity	629	73	300		1,002
Non-controlling Interest	4	—	—		4
Total Equity	633	73	300		1,006
Total Liabilities and Equity	$ 3,162	$ (122)	$ 6		$ 3,046

Conduent Incorporated
Unaudited Pro Forma Condensed Consolidated Statement of Income (Loss)
For the Year Ended December 31, 2023

(in millions, except per share data. Shares in thousands)	Conduent Historical	Transaction Accounting Adjustments: Sale	Transaction Accounting Adjustments: Transfer	Note 2	Unaudited Pro Forma
Revenue	$ 3,722	$ (134)	$ (118)	(i)	$ 3,470
Operating Costs and Expenses					
Cost of services (excluding depreciation and amortization)	2,888	(97)	(16)	(i)	2,775
Selling, general and administrative (excluding depreciation and amortization)	458	(15)	(14)	(i)	429
Research and development (excluding depreciation and amortization)	7	—	—		7
Depreciation and amortization	264	(16)	(2)	(i)	246
Restructuring and related costs	62	—	—		62
Interest expense	111	(13)	(33)	(j)	65
Loss on extinguishment of debt	—	2	4	(k)	6
Goodwill impairment	287	—	—		287
(Gain) loss on divestitures and transaction costs, net	10	(106)	(412)	(l)	(508)
Litigation settlements (recoveries), net	(30)	—	—		(30)
Other (income) expenses, net	(3)	(3)	—	(m)	(6)
Total Operating Costs and Expenses	4,054	(248)	(473)		3,333
Income (Loss) Before Income Taxes	(332)	114	355		137
Income tax expense (benefit)	(36)	32	89	(n)	85
Net Income (Loss)	$ (296)	$ 82	$ 266		$ 52
Net Income (Loss) per Share:					
Basic	$ (1.41)				$ 0.20
Diluted	$ (1.41)				$ 0.20
Weighted Average Shares Outstanding (Basic and Diluted)	216,779				216,779

Conduent Incorporated
Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

1. Basis of Presentation

The unaudited pro forma condensed consolidated financial statements give effect to the transaction accounting adjustments necessary to reflect the sale of the Curbside Management and Public Safety Solutions businesses (collectively, the "Sale") and transfer of the BenefitWallet Business (the "Transfer") as if they had each occurred:

(a) on January 1, 2023, in the unaudited pro forma statement of income (loss) for the year ended December 31, 2023; and

(b) on December 31, 2023, in the unaudited pro forma balance sheet.

2. Pro Forma Adjustments

The unaudited pro forma condensed consolidated financial statements reflect the following adjustments:

(a) Adjustment reflects cash proceeds of $174 million and $425 million from the Sale and the Transfer, respectively, less (i) repayment of approximately $130 million of debt with proceeds from the Sale and $334 million from the Transfer, respectively and (ii) tax payments of $46 million and $85 million related to the gain on the Sale and the Transfer, respectively.

(b) Solely with respect to the Sale, adjustment reflects use of cash to payoff finance lease liabilities and purchase equipment on behalf of the Buyer associated with the Sale in an aggregate amount totaling $37 million. Such amount will be reimbursed by the Buyer in the fourth quarter of 2024. See note (d).

(c) Adjustments reflect the disposition of the net assets of the Sale as of December 31, 2023.

(d) Adjustment reflects (i) a $50 million note receivable payable by the Buyer, with a discounted value of $47 million, representing a portion of the consideration to be paid on the one year anniversary of the closing and (ii) other amounts receivable in the amount of $50 million (primarily related to the reimbursement for finance lease liability payoffs noted above and the purchase of certain equipment on the Buyer's behalf), which are payable in the fourth quarter of 2024.

(e) Adjustment represents accrual of estimated direct transaction costs totaling $4 million and $13 million for the Sale and the Transfer, respectively.

(f) Adjustment reflects (i) repayment of approximately $130 million of debt with proceeds from the Sale and $334 million from the Transfer, respectively, and (ii) the write-off of unamortized debt issuance costs of $6 million associated with the repayment of such debt ($2 million from the Sale and $4 million from the Transfer, respectively).

(g) Adjustment represents the estimated decrease in deferred tax liabilities of $13 million associated with the Sale and the estimated utilization of $23 million of deferred tax assets as a result of the Transfer.

(h) Adjustment reflects after tax gain as if the Sale and the Transfer had occurred on December 31, 2023. The after-tax gain on disposal is calculated as follows:

For the Sale: $232 million representing the cash and non-cash net proceeds of the Sale, less (i) the net assets of the disposed business of $122 million, (ii) estimated direct transaction costs of $4 million, (iii) write-off of unamortized debt issuance costs of $2 million, and (iv) estimated income tax provision of $31 million.

For the Transfer: $425 million representing the cash proceeds, less (i) estimated direct transaction costs of $13 million, (ii) write-off of unamortized debt issuance costs of $4 million, and (iii) estimated income tax provision of $108 million. As of December 31, 2023, there were no material asset or liability balances related to the BenefitWallet Business.

(i) Adjustments reflect the elimination of revenue, costs of services, and operating expenses of the respective businesses sold or transferred, including estimated IT infrastructure costs, enterprise application costs and certain corporate overhead expenses that are expected to be eliminated.

(j) Adjustments reflect the estimated reduction of interest and amortization of debt discount expense related to the use of the net proceeds from the Sale and Transfer for repayment of approximately $130 million and $334 million, respectively, of debt as if such debt was repaid on January 1, 2023.

(k) Adjustment to record the write-off of unamortized debt issuance costs of $6 million associated with the repayment of debt with proceeds from the Sale and the Transfer.

(l) Adjustment reflects gain as if the Sale and Transfer had each occurred on January 1, 2023. The gain on disposal is calculated as follows:

For the Sale: $232 million representing the cash and non-cash net proceeds less (i) the net assets of the disposed business of $122 million and (ii) estimated direct transaction costs of $4 million.

For the Transfer: $425 million representing cash proceeds less estimated direct transaction costs of $13 million. As of January 1, 2023, there were no material asset or liability balances related to the BenefitWallet Business.

(m) Adjustment reflects interest income in the amount of the discount on the $50 million note receivable payable by the Buyer for the portion of the consideration to be paid on the one year anniversary of the closing pertaining to the Sale.

(n) Adjustments represent the estimated income tax effect of the transaction accounting adjustments.