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): February 22, 2017

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

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

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

Registrant's telephone number, including area code: (908) 758-1200

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))

Item 2.02. Results of Operations and Financial Condition.

On February 22, 2017, Registrant released its fourth quarter 2016 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.

Item 7.01 Other Events.

On February 22. 2017, Registrant held its Fourth Quarter and Full Year 2016 Earnings Call. Attached as Exhibit 99.2 is a copy of Registrant's investor presentation dated February 22, 2017 prepared for the Fourth Quarter and Full Year 2016 Earnings Call.

The information contained in Item 2.02 and Item 7.01 of this Report and in Exhibit 99.1 and Exhibit 99.2 to this Report shall not be deemed "filed" with the Commission for purposes of Section 18 of the Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Registrant's fourth quarter 2016 earnings press release dated February 22, 2017
99.2	Registrant's investor presentation dated February 22, 2017

Forward Looking Statements

This report contains "forward-looking statements" that involve risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts, but rather are based on current expectations, estimates, assumptions and projections about the business process outsourcing industry and our business and financial results. Forward-looking statements often include words such as "anticipates," "estimates," "expects," "projects," "intends," "plans," "believes" and words and terms of similar substance in connection with discussions of future operating or financial performance. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statement made by us or on our behalf. Important factors that could cause our actual results to differ materially from those in our forward-looking statements include government regulation, economic, strategic, political and social conditions and the following factors, among others: competitive pressures; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; the effects of any acquisitions, joint ventures and divestitures by us; our ability to attract and retain key employees; our ability to attract and retain necessary technical personnel and qualified subcontractors; a decline in revenues from or a loss or failure of significant clients; our ability to estimate the scope of work or the costs of performance in our contracts; the failure to comply with laws relating to individually identifiable information and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; our ability to deliver on our contractual obligations properly and on time; our ability to renew commercial and government contracts awarded through competitive bidding processes; increases in the cost of telephone and data services or significant interruptions in such services; changes in tax and other laws and regulations; increased volatility or decreased liquidity in the capital markets, including any limitation on our ability to access the capital markets for debt securities, refinance our outstanding indebtedness or obtain bank financing on acceptable terms; the impact of terrorist acts, hostilities, natural disasters (including extreme weather) and pandemic viruses; changes in foreign exchange rates; our lack of an operating history as an independent publicly traded company; changes in U.S. GAAP or other applicable accounting policies; the other risks and uncertainties detailed in the section titled "Risk Factors", the section titled "Legal Proceedings", our financial statements and the accompanying notes thereto, and the other sections of our Registration Statement on Form 10, as amended, and the section titled "Risk Factors" the section titled "Management's Discussion and Analysis of Financial Condition", our financial statements and the accompanying notes thereto, and the other sections of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016. We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. Any forward-looking statements made by us in this current report speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

SIGNATURES

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

Date: February 22, 2017

CONDUENT INCORPORATED

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

EXHIBIT INDEX

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News from Conduent

For Immediate Release

Conduent Incorporated
100 Campus Drive
Florham Park, NJ. 07932

www.Conduent.com

Conduent Announces Fourth Quarter and Full-Year 2016 Results; Reaffirms Long-Term Outlook

Successfully Completed Spin-Off from Xerox; Listed as Independent Company on NYSE

- Fourth quarter and full-year financial results represent operations while still part of Xerox Corporation
- FY 2016 revenues of $6.408 billion, adjusted revenues of $6.491 billion; Q4 2016 revenues of $1.514 billion, adjusted revenues of $1.597 billion
- FY 2016 Profit (Loss) Before Income Tax of ($1.227 billion), which includes $935 million goodwill impairment charge and $161 million NY MMIS charge. FY 2016 adjusted EBITDA of $635 million, adjusted EBITDA margin of 9.8%; Q4 2016 adjusted EBITDA of $172 million, adjusted EBITDA margin of 10.8%
- FY 2016 GAAP EPS (Loss) of ($4.85), adjusted EPS of $1.06; Q4 2016 GAAP EPS (Loss) of ($4.69), adjusted EPS of $0.29
- Long-term financial outlook remains unchanged from December 5, 2016 Investor Event

FLORHAM PARK, N.J., Feb. 22, 2017 – Conduent (NYSE: CNDT), a leading provider of diversified business process services, today announced fourth quarter and full-year 2016 financial results reflecting its last period as part of Xerox Corporation.

“In 2016, we were focused on executing a successful separation from Xerox to become a stand-alone public company,” said Ashok Vemuri, CEO of Conduent. “As we move into 2017, we are aligning our go-to-market and capital allocation strategies with the competitive requirements of our industry. Our near-term focus is on strengthening client relationships, completing the build-out of our management structure, and continuing the success of our strategic transformation program critical in reaching our margin expansion goals.”

Fourth Quarter 2016 Results

Fourth quarter 2016 GAAP revenues were $1.514 billion. Operating margin was (3.4) percent. The company reported a GAAP EPS (Loss) of ($4.69) which includes the impact from the goodwill impairment charge of $935 million, $828 million net of income tax ($4.08 per share), and the NY MMIS charge of $161 million, $98 million net of income tax ($0.48 per share).

Fourth quarter adjusted revenues were $1.597 billion. Adjusted operating margin was 6.8 percent. Adjusted EBITDA was $172 million, with an adjusted EBITDA margin of 10.8 percent. The company reported adjusted earnings per share of $0.29.

Conduent generated $146 million in cash flow from operations during the fourth quarter and ended 2016 with a cash balance of $390 million. Total debt was approximately $2.0 billion as of December 31. In early January, the company borrowed an additional $100 million on its Term Loan B.

Full-Year 2016 Results

Full-year 2016 GAAP revenues were $6.408 billion. Operating margin was 3.0 percent. The company reported a GAAP EPS (Loss) of ($4.85), which includes the impact from the goodwill impairment charge of $935 million, $828 million net of income tax ($4.08 per share), and the NY MMIS charge of $161 million, $98 million net of income tax ($0.48 per share).

Full-year adjusted revenues were $6.491 billion. Adjusted operating margin was 5.5 percent. Adjusted EBITDA was $635 million, with adjusted EBITDA margin of 9.8 percent. The company reported adjusted earnings per share of $1.06.

Conduent generated $108 million in cash flow from operations for the full-year 2016.

Financial and Strategic Outlook

Conduent's long-term financial outlook remains unchanged from what was outlined at the December 2016 Investor Event, and the company is continuing to execute against its strategic transformation program.

"The strategic transformation continues to progress as expected. Our efforts extend throughout the organization and are focused on multiple aspects of the business, including modernizing platforms, refocusing our innovation group, and expanding verticalization in our core markets," said Brian Webb Walsh, Conduent CFO. "These initiatives will strengthen our foundation for the future."

Conference Call

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

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 877-883-0383 (international dial-in 412-902-6506) at approximately 9:45 a.m. ET. The conference ID for this call is 6913733.

A recording of the conference call will be available by calling 877-344-7529, or 412-317-0088 after 1:30 p.m. ET on February 22, 2017. The replay ID is 10100028. For international calls, please select a dial-in number from: https://services.choruscall.com/ccforms/replay.html. The telephone recording will be available until 7:00 p.m. ET on March 15, 2017.

About Conduent

Conduent is a leading provider of diversified business process services with leading capabilities in transaction processing, automation, analytics and constituent experience. We work with both government and commercial customers in assisting them to deliver quality services to the people they serve.

We manage interactions with patients and the insured for a significant portion of the U.S. healthcare industry. We are the customer interface for large segments of the technology industry and the operational and processing partner of choice for public transportation systems around the world.

Whether it’s digital payments, claims processing, benefit administration, automated tolling, customer care or distributed learning – Conduent manages and modernizes these interactions to create value for both our clients and their constituents. Learn more at www.conduent.com.

Forward Looking Statements

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

- government regulation, economic, strategic, political and social conditions and the following factors;
- competitive pressures;
- changes in interest in outsourced business process services;
- our ability to obtain adequate pricing for our services and to improve our cost structure;
- the effects of any acquisitions, joint ventures and divestitures by us;
- our ability to attract and retain key employees;
- our ability to attract and retain necessary technical personnel and qualified subcontractors and their ability to deliver or perform as expected;
- termination right, audits and investigations associated with government contracts;
- a decline in revenues from or a loss or failure of significant clients;
- our ability to estimate the scope of work or the costs of performance in our contracts;
- the failure to comply with laws relating to individually identifiable information and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions;
- our ability to deliver on our contractual obligations properly and on time;

- our ability to renew commercial and government contracts awarded through competitive bidding processes;
- increases in the cost of telephone and data services or significant interruptions in such services;
- changes in tax and other laws and regulations;
- changes in U.S. GAAP or other applicable accounting policies; and

  other factors that are set forth in the "Risk Factors" section; the "Legal Proceedings" section, The "Management Discussion and Analysis of Financial Condition and Results of Operations" section and other sections of the Conduent Incorporated Form 10 Registration Statement, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

This list of important risk factors is not intended to be exhaustive. Conduent is under no obligation to, and expressly disclaims any obligation to, update any forward-looking statements as a result of new information or future events or developments, except as required by law.

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

Non-GAAP Financial Measures

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

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Conduent Incorporated
Condensed Consolidated Statements of Income (Unaudited)

(in millions, except per-share data)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	% Change	Year Ended December 31, 2016	Year Ended December 31, 2015	% Change
Revenues						
Outsourcing	$ 1,502	$ 1,717	(13)%	$ 6,358	$6,609	(4)%
Related party	12	13	(8)%	50	53	(6)%
Total Revenues	**1,514**	**1,730**	**(12)%**	**6,408**	**6,662**	**(4)%**
Costs and Expenses						
Cost of outsourcing	1,383	1,432	(3)%	5,462	5,937	(8)%
Related party cost of services	8	11	(27)%	36	40	(10)%
Research and development	6	13	(54)%	31	52	(40)%
Selling, administrative and general	169	177	(5)%	686	699	(2)%
Restructuring and related costs	44	(1)	*	101	159	(36)%
Amortization of intangible assets	80	63	27%	280	250	12%
Goodwill impairment	935	—	*	935	—	*
Separation costs	10	—	*	44	—	*
Related party interest	(4)	11	(136)%	26	61	(57)%
Other expenses, net	24	16	50%	34	38	(11)%
Total Costs and Expenses	**2,655**	**1,722**	**54%**	**7,635**	**7,236**	**6%**
(Loss) Income Before Income Taxes(1)	**(1,141)**	**8**	*	**(1,227)**	**(574)**	**114%**
Income tax benefit	(190)	(1)	*	(244)	(238)	*
(Loss) Income from Continuing Operations	**(951)**	**9**	*	**(983)**	**(336)**	**193%**
Loss from discontinued operations, net of tax	**—**	**(14)**	**(100)%**	**—**	**(78)**	**(100)%**
Net Loss	**$ (951)**	**$ (5)**	*	**$ (983)**	**$ (414)**	**137%**
Basic (Loss) Earnings per Share:						
Continuing operations	**$ (4.69)**	**$ 0.04**	*	**$ (4.85)**	**$ (1.65)**	*
Discontinued operations	—	(0.07)	*	—	(0.39)	*
Total Basic Loss per Share	**$ (4.69)**	**$ (0.03)**	*	**$ (4.85)**	**$ (2.04)**	*
Diluted (Loss) Earnings per Share:						
Continuing operations	**$ (4.69)**	**$ 0.04**	*	**$ (4.85)**	**$ (1.65)**	*
Discontinued operations	—	(0.07)	*	—	(0.39)	*
Total Diluted (Loss) per Share	**$ (4.69)**	**$ (0.03)**	*	**$ (4.85)**	**$ (2.04)**	*

* Percent change not meaningful.
(1) Referred to as “Pre-Tax (Loss) Income” throughout the remainder of this document.

Conduent Incorporated
Condensed Consolidated Balance Sheets (Unaudited)

(in millions, except share data in thousands)	December 31, 2016	December 31, 2015
Assets		
Cash and cash equivalents	$ 390	$ 140
Accounts receivable, net	1,286	1,246
Related party notes receivable	—	248
Other current assets	241	240
Total current assets	1,917	1,874
Land, buildings and equipment, net	283	280
Intangible assets, net	1,144	1,425
Goodwill	3,889	4,872
Other long-term assets	476	607
Total Assets	**$ 7,709**	**$ 9,058**
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 28	$ 24
Related party notes payable	—	1,132
Accounts payable	164	264
Accrued compensation and benefits costs	269	249
Unearned income	206	227
Net payable to former parent company	124	—
Other current liabilities	611	845
Total current liabilities	1,402	2,741
Long-term debt	1,913	37
Pension and other benefit liabilities	172	153
Deferred taxes	619	764
Other long-term liabilities	173	201
Total Liabilities	**4,279**	**3,896**
Series A Convertible Preferred Stock	**142**	**—**
Common stock	2	—
Additional paid-in capital	3,812	—
Former parent company investment	—	5,343
Accumulated other comprehensive loss	(526)	(181)
Total Equity	3,288	5,162
Total Liabilities and Equity	**$ 7,709**	**$ 9,058**
Shares of common stock issued and outstanding	202,875	

Conduent Incorporated
Condensed Consolidated Statements of Cash Flows (Unaudited)

(in millions)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015
Cash Flows from Operating Activities:				
Net loss	$ (951)	$ (5)	$ (983)	$ (414)
Adjustments required to reconcile net income to cash flows from operating activities:				
Depreciation and amortization	196	134	613	600
Goodwill impairment	935	—	935	—
Provision for receivables	1	2	4	4
Deferred tax expense	(4)	(115)	(4)	(115)
Net loss on sales of businesses and assets	1	25	2	100
Stock-based compensation	6	(14)	24	19
Restructuring and asset impairment charges	28	(1)	73	159
Payments for restructurings	(9)	(6)	(46)	(19)
Contributions to defined benefit pension plans	(2)	(2)	(6)	(8)
Decrease (increase) in accounts receivable	113	208	(27)	239
Increase in other current and long-term assets	(20)	(13)	(90)	(86)
Increase (decrease) in accounts payable and accrued compensation	94	67	(60)	22
(Decrease) increase in other current and long-term liabilities	(46)	37	(210)	228
Net change in income tax assets and liabilities	(197)	172	(117)	(236)
Other operating, net	1	(1)	—	—
Net cash provided by operating activities	146	488	108	493
Cash Flows from Investing Activities:				
Cost of additions to land, buildings and equipment	(63)	(35)	(149)	(158)
Cost of additions to internal use software	(8)	(7)	(39)	(27)
Proceeds from sale of businesses	—	—	(53)	939
Acquisitions, net of cash acquired	—	(2)	(1)	(197)
Proceeds from investments	11	—	11	—
Net proceeds (payments) on related party notes receivable	205	(13)	248	(37)
Other investing, net	—	2	(1)	2
Net cash provided by (used in) investing activities	145	(55)	16	522
Cash Flows from Financing Activities:				
Net proceeds on debt	1,896	5	1,902	28
Net payments on debt	(14)	(6)	(32)	(293)
Net payments on related party notes payable	(1,106)	(107)	(1,132)	(91)
Net transfers to former parent	(804)	(348)	(588)	(672)
Excess tax benefits from stock-based compensation	—	3	—	6
Restricted cash - related party	(18)	—	(18)	—
Other financing	1	—	—	(1)
Net cash (used in) provided by financing activities	(45)	(453)	132	(1,023)
Effect of exchange rate changes on cash and cash equivalents	(4)	(3)	(6)	(11)
Increase (decrease) increase in cash and cash equivalents	242	(23)	250	(19)
Cash and cash equivalents at beginning of period	148	163	140	159
Cash and Cash Equivalents at End of Period	**$ 390**	**$ 140**	**$ 390**	**$ 140**

Non-GAAP Financial Measures

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

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 GAAP. A reconciliation of the following Non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are set forth as part of the Appendix to this presentation.

In connection with the preparation of our financial statements for the fiscal year ended December 31, 2016, during the fourth quarter, we performed our annual goodwill impairment test. Following the completion of the impairment test, we determined that we will record a non-cash goodwill impairment charge of $935 million (approximately $828 million after-tax or ($4.08) per share) in our Commercial Sector reporting unit. Subsequent to the goodwill impairment charge, the Commercial Sector reporting unit's goodwill balance is approximately $908 million. This non-cash charge is attributable primarily to weaker than expected Commercial Sector revenues and operating profits, including in the fourth quarter of 2016. We do not expect to make any current or future cash expenditures as a result of this impairment.

We are in discussions with the State of New York regarding the status and scope of the Health Enterprise platform project, which evolved to include options to not fully complete the project. Based on those discussions, we believe it is probable that we will not fully complete the implementation of the platform in New York. As a result of these developments, we will record a pre-tax charge of approximately $161 million (approximately $98 million after-tax or ($0.48) per share) in our fourth-quarter 2016 results reflecting estimated asset impairments, wind down costs and other impacts from this project. The charge includes approximately $115 million for the write-off of receivables and other related assets and non-cash impairment charges, with the remainder of the charge expected to be cash outflows in future quarters for wind down and related costs.

Late in the third quarter of 2015, we determined that we would not fully complete Health Enterprise Medicaid platform implementation projects in California and Montana and recorded a charge of $389 million. The charge included a $116 million reduction to revenues with the remaining $273 million recorded to cost of outsourcing.

As a result of the significant impact of the Goodwill Impairment, NY MMIS Charge and HE Charge on our reported revenues, costs and expenses as well as key metrics for the period, we discuss our 2016 and 2015 results using non-GAAP financial measures that exclude the impact of these items, as discussed below.

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

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

In 2016, we adjusted Income (Loss) before Income Taxes for the Goodwill Impairment charge of $935 million recorded during the fourth quarter 2016.

Also in 2016, we adjusted Income (Loss) before Income Taxes for the New York Health Enterprise (NY MMIS) charge of $161 million recorded during the fourth quarter 2016. In 2015, we adjusted Income (Loss) before Income Taxes for the Health Enterprise (HE) charge of $389 million recorded during the third quarter 2015.

In addition to the items discussed above, for the quarter and full year ended December 31, 2016 and 2015 we Adjusted Net Income (Loss), Earnings per Share and Effective Tax Rate for the following items:

- Amortization of intangible assets. The amortization of intangible assets is driven by acquisition activity, which can vary in size, nature and timing as compared to other companies within our industry 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.
- Separation costs. Separation costs are expenses incurred in connection with separation from Xerox Corporation into a separate, independent, publicly traded company. Separation costs primarily relate to third-party investment banking, accounting, legal, consulting and other similar types of services related to the separation transaction as well as costs associated with the operational separation of the two companies.
- Other expenses, net, excluding third party interest expense. Other expenses, net includes losses (gains) on sales of businesses and assets, currency (gains) losses, net, litigation matters and all other expenses, net.

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

In 2016, we adjusted Income (Loss) before Income Taxes for the Goodwill Impairment charge of $935 million recorded during the fourth quarter 2016.

As a result of the nature and the significant impact of the NY MMIS and HE charges on our reported revenues, costs and expenses, as well as key metrics for the period, we discussed our 2016 and 2015 Adjusted Operating Income after excluding the impact of the NY MMIS and HE charges. In 2016, we Adjusted Operating Income by adjusting Income (Loss) before Income Taxes for the fourth quarter NY MMIS charge of $161 million, which included an $83 million reduction in revenues. In 2015, we Adjusted Operating Income by adjusting Income (Loss) before Income Taxes for the third quarter HE charge of $389 million, which included a $116 million reduction in revenues.

In addition to the items discussed above, for the three months and year ended December 31, 2016 and 2015 we Adjusted Operating Income for the following items:

- As defined above in Adjusted Net Income (Loss), Adjusted Earnings per Share, and Adjusted Effective Tax Rate:
  - o Amortization of intangible assets.
  - o Restructuring and related costs.
  - o Separation costs.
- We also adjust Operating Income for:
  - o Related Party Interest. Includes interest payments to former parent.
  - o Other expenses, net. Including third party interest, losses (gains) on sales of businesses and assets, currency (gains) losses, net, litigation matters and all other expenses, net.

Adjusted Revenues

As a result of the nature and the significant impact of the NY MMIS and HE charges on our reported revenues, we discussed our 2016 and 2015 revenues excluding the impact of the NY MMIS and HE charges. For the fourth quarter and full year 2016, we reduced revenues by $83 million for NY MMIS. For the third quarter and full year 2015, we reduced revenues by $116 million to reflect the reduction in HE revenues.

Adjusted EBITDA

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

- As defined above in Adjusted Net Income (Loss), Adjusted Earnings per Share, and Adjusted Effective Tax Rate section or Adjusted Revenue, Costs and Expenses and Margin – Adjusted Operating Income section:

    o The fourth quarter of 2016 Goodwill Impairment Charge and NY MMIS charge.

    o The third quarter 2015 HE charge.

    o Amortization of intangible assets.

    o Restructuring and related costs.

    o Separation costs.

    o Related Party Interest. Includes interest payments to former parent.

    o Other expenses, net. Including third party interest, losses (gains) on sales of businesses and assets, currency (gains) losses, net, litigation matters and all other expenses, net.

- We also adjust EBITDA for:

    o Depreciation

    o NY MMIS depreciation

    o HE amortization

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

Adjusted Other Segment Revenue and Profit

As a result of the nature and the significant impact of the NY MMIS and HE charges on our Other Segment Revenue and Profit, we discuss Other Segment Revenue and Profit excluding the impact of the NY MMIS and HE charges. In 2016, we adjusted Other Segment by adjusting for the fourth quarter NY MMIS charge of $161 million, which included an $83 million reduction in revenues. In 2015, we Adjusted Other Segment by adjusting for the third quarter HE charge of $389 million, which included a $116 million reduction in revenues.

Free Cash Flow

Free Cash Flow is defined as cash flows from operating activities as reported on the consolidated statement of cash flows, less cost of additions to land, buildings and equipment, cost of additions to internal use software and capital lease additions, plus proceed from sales of land, building and equipment. We use the non-GAAP measure of Free Cash Flow as a criterion of liquidity and performance-based components of employee compensation. We use Free Cash Flow as a measure of liquidity to determine amounts we can reinvest in our core businesses, such as amounts available to make acquisitions, invest in land, buildings and equipment and internal use software, make principal payments on debt, or amounts we can return to our stockholders through dividends and/or stock repurchases. In order to provide a meaningful basis for comparison, we are providing information with respect to our Free Cash Flow for the three months and year ended December 31, 2016, reconciled for each such period to cash flow provided by operating activities, which we believe to be the most directly comparable measure under GAAP.

Constant Currency

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

Net (Loss) Income and EPS Reconciliation

	Three Months Ended				Year Ended			
	December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015	
(in millions)	Net Income (Loss)	EPS	Net Income (Loss)	EPS	Net Income (Loss)	EPS	Net Income (Loss)	EPS
Reported (loss) income from continuing operations	$ (951)	$ (4.69)	$ 9	$ 0.04	$ (983)	$ (4.85)	$ (336)	$ (1.65)
Adjustments:								
Goodwill impairment	935		—		935		—	
NY MMIS charge	161		—		161		—	
Amortization of intangible assets	80		63		280		250	
Restructuring and related costs	44		(1)		101		159	
HE charge	—		—		—		389	
Separation costs	10		—		44		—	
Other expenses, net excluding third party interest(1)	13		15		20		30	
Income tax adjustments(2)	(231)		(28)		(335)		(318)	
Adjusted	$ 61	$ 0.29	$ 58	$ 0.28	$ 223	$ 1.06	$ 174	$ 0.83
Weighted average shares for adjusted EPS(3)		211,247		211,247		210,774		210,774

(1) Excludes third party interest expense of $11 million and $1 million for the three months ended December 31, 2016 and 2015, respectively and $14 million and $8 million for the year ended December 31, 2016 and 2015, respectively.

(2) Refer to Effective Tax Rate reconciliation

(3) Average shares for the calculations of adjusted EPS include 5.9 million of shares associated with our Series A convertible preferred stock. No dividends were declared or paid by Conduent in 2016.

Effective Tax Rate Reconciliation

(in millions)	Three Months Ended December 31, 2016			Three Months Ended December 31, 2015		
	Pre-Tax Income (Loss)	Income Tax (Expense) Benefit	Effective Tax Rate	Pre-Tax Income (Loss)	Income Tax (Expense) Benefit	Effective Tax Rate
Reported from continuing operations	$ (1,141)	$ (190)	16.7%	$ 8	$ (1)	-12.5%
Non-GAAP adjustments(1)	1,243	231		77	28	
Adjusted(2)	$ 102	$ 41	40.2%	$ 85	$ 27	31.8%

(in millions)	Year Ended December 31, 2016			Year Ended December 31, 2015		
	Pre-Tax Income (Loss)	Income Tax (Expense) Benefit	Effective Tax Rate	Pre-Tax Income (Loss)	Income Tax (Expense) Benefit	Effective Tax Rate
Reported from continuing operations	$ (1,227)	$ (244)	19.9%	$ (574)	$ (238)	41.5%
Non-GAAP adjustments(1)	1,541	335		828	318	
Adjusted(2)	$ 314	$ 91	29.0%	$ 254	$ 80	31.5%

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

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

Operating Income / Margin Reconciliation

(in millions)	Three Months Ended December 31, 2016 Pre-Tax Profit (Loss)	Revenue	Margin	Three Months Ended December 31, 2015 Pre-Tax Profit (Loss)	Revenue	Margin
Reported from continuing operations	$ (1,141)	$1,514	-75.4%	$ 8	$1,730	0.5%
Adjustments:						
Goodwill impairment	935			—		
NY MMIS	161	83		—		
Amortization of intangible assets	80			63		
Restructuring and related costs	44			(1)		
Separation costs	10			—		
Related party interest	(4)			11		
Other expenses, net(1)	24			16		
Adjusted Operating Income/Margin	$ 109	$1,597	6.8%	$ 97	$1,730	5.6%

(1) Includes third party interest expense of $11 million and $1 million for the three months ended December 31, 2016 and 2015, respectively.

(in millions)	Year Ended December 31, 2016 Pre-Tax Profit (Loss)	Revenue	Margin	Year Ended December 31, 2015 Pre-Tax Profit (Loss)	Revenue	Margin
Reported from continuing operations	$ (1,227)	$6,408	-19.1%	$ (574)	$6,662	-8.6%
Adjustments:						
Goodwill impairment	$ 935			$ —		
Amortization of intangible assets	280			250		
NY MMIS	161	83		—		
Restructuring and related costs	101			159		
Separation costs	44			—		
Related party interest	26			61		
HE charge	—			389	116	
Other expenses, net(1)	34			38		
Adjusted Operating Income/Margin	$ 354	$6,491	5.5%	$ 323	$6,778	4.8%

(1) Includes third party interest expense of $14 million and $8 million for the year ended December 31, 2016 and 2015, respectively.

Adjusted Revenue and EBITDA

(in millions)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016
Reconciliation to Adjusted Revenue							
Total Revenue as reported	$1,730	$1,685	$1,613	$1,596	$ 1,514	$6,662	$ 6,408
NY MMIS charge	—	—	—	—	83	—	83
HE charge	—	—	—	—	—	116	—
Adjusted Revenue	$1,730	$1,685	$1,613	$1,596	$ 1,597	$6,778	$ 6,491
Reconciliation to Adjusted EBITDA							
Pre-tax income (loss) as reported from continuing operations	$ 8	$ (54)	$ (34)	$ 2	$(1,141)	$ (574)	$(1,227)
Depreciation	31	32	29	31	36	126	128
Amortization	103	118	104	104	159	474	485
Goodwill impairment	—	—	—	—	935	—	935
Restructuring and related costs	(1)	26	23	8	44	159	101
Separation costs	—	3	16	15	10	—	44
Related party interest expense	11	10	10	10	(4)	61	26
NY MMIS charge	—	—	—	—	161	—	161
NY MMIS depreciation	—	—	—	—	(52)	—	(52)
HE charge	—	—	—	—	—	389	—
HE depreciation	—	—	—	—	—	(34)	—
Other expenses, net(1)	16	11	—	(1)	24	38	34
Adjusted EBITDA	$ 168	$ 146	$ 148	$ 169	$ 172	$ 639	$ 635
Adjusted EBITDA Margin	9.7%	8.7%	9.2%	10.6%	10.8%	9.4%	9.8%
(1) Includes third party interest expense as follows:	*$ 1*	*$ 1*	*$ 1*	*$ 1*	*$ 11*	*$ 8*	*$ 14*

Other Segment Revenue and Profit Reconciliation

(in millions)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016
Reconciliation to Other Segment Adjusted Revenue							
Other Segment revenue as reported	$ 94	$108	$ 97	$ 92	$ 4	$ 289	$ 301
NY MMIS charge	—	—	—	—	83	—	83
HE charge	—	—	—	—	—	116	—
Adjusted Other Segment Revenue	$ 94	$108	$ 97	$ 92	$ 87	$ 405	$ 384
Reconciliation to Other Segment Adjusted Profit							
Segment profit as reported	$ (20)	$ (16)	$ (37)	$ (21)	$(171)	$(489)	$(245)
NY MMIS charge	—	—	—	—	161	—	161
HE charge	—	—	—	—	—	389	—
Adjusted Other Segment Profit	$ (20)	$ (16)	$ (37)	$ (21)	$ (10)	$(100)	$ (84)

Free Cash Flow Reconciliation

(in millions)	Three Months Ended December 31, 2016	Year Ended December 31, 2016
Cash flows from operations	$ 146	$ 108
Cost of addition to LB&E	(63)	(149)
Cost of addition to internal use software and other	(9)	(40)
Free Cash Flow	$ 74	$ (81)

Exhibit 99.2

CONDUENT

February 22, 2017

Conduent
Q4 & FY 2016 Earnings Results

Cautionary Statements

Forward-Looking Statements

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

- government regulation, economic, strategic, political and social conditions and the following factors;
- competitive pressures;
- changes in interest in outsourced business process services;
- our ability to obtain adequate pricing for our services and to improve our cost structure;
- the effects of any acquisitions, joint ventures and divestitures by us;
- our ability to attract and retain key employees;
- our ability to attract and retain necessary technical personnel and qualified subcontractors and their ability to deliver or perform as expected;
- termination right, audits and investigations associated with government contracts;
- a decline in revenues from or a loss or failure of significant clients;
- our ability to estimate the scope of work or the costs of performance in our contracts;
- the failure to comply with laws relating to individually identifiable information and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions;
- our ability to deliver on our contractual obligations properly and on time;
- our ability to renew commercial and government contracts awarded through competitive bidding processes;
- increases in the cost of telephone and data services or significant interruptions in such services;
- changes in tax and other laws and regulations;
- changes in U.S. GAAP or other applicable accounting policies; and

Other factors that are set forth in the "Risk Factors" section; the "Legal Proceedings" section, The "Management Discussion and Analysis of Financial Condition and Results of Operations" section and other sections of the Conduent Incorporated Form 10 Registration Statement, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

This list of important risk factors is not intended to be exhaustive. Conduent is under no obligation to, and expressly disclaims any obligation to, update any forward-looking statements as a result of new information or future events or developments, except as required by law.

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

Non-GAAP Financial Measures

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

Conduent Focus & Vision

Strong client relationships and positioning in the market

Invest in people, technology, and processes to remain a market leader

Strategic transformation program well underway and on-track

Reaffirming financial goals from December investor event

FY 2016 Overview

CONDUENT

Key Messages

- Successful separation and listing on NYSE (NYSE: CNDT)
- Launched Conduent as stand-alone company
- Made progress in securing key management hires
- Continued progress on strategic transformation initiative

Revenue

GAAP: $6.4B

Adjusted[1]: $6.5B, (4.2%) or (3.3% CC[2])

Profitability

Adjusted operating margin[1] 5.5%, up 70 bps from 2015

GAAP EPS loss ($4.85)

Adjusted EPS[1] $1.06

Adjusted EBITDA[1]

Flat year-over-year on a dollar basis

Adjusted EBITDA margin 9.8%, up 40 bps from 2015

[1] Please refer to Appendix for Non-GAAP reconciliations of adjusted revenue, adjusted operating income/margin, adjusted EBITDA/margin, and adjusted EPS
[2] Constant currency based on foreign exchange rates as of December 31, 2016

Strategic Transformation

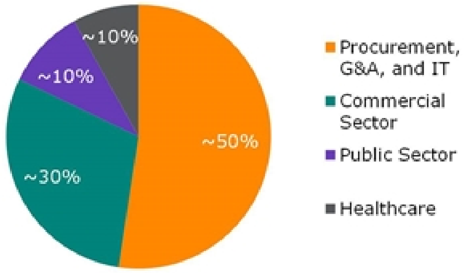
Progress and outlook

- Near-term priorities continue to be optimizing, driving efficiency and taking out costs across IT, facilities and G&A
- Contract remediation remains a key opportunity
- Continue to balance reinvestment and margin expansion to meet 2017 and long-term financial targets

On-track to achieve long-term cost savings target

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

Sources of Transformation Savings through FY 2018



Future Performance Drivers

Our strategic plan is expected to drive top- and bottom-line growth, with cash flow reinvested in high-return opportunities

Revenue Goals

Large and growing market opportunity; target areas of focus

+

Organic and inorganic investments

▼

Increase new business signings; sustain renewal rates

Stabilize revenue and drive growth over time

Margin Goals

Focus portfolio on businesses with most attractive return profiles

+

Simplify, standardize and streamline operations

Turnaround areas of underperformance

▼

Reduce margin volatility; deliver cost transformation

Fund investments and drive margin expansion

Free Cash Flow Goals

Revenue growth and cost savings from strategic transformation

+

One-time impact from factoring program and HE payments do not recur

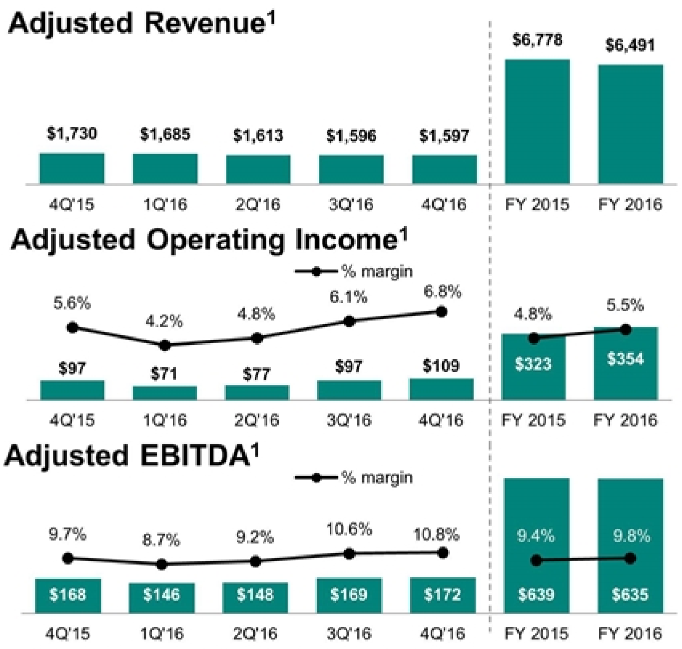
▼

Robust, consistent Free Cash Flow generation

Reinvestment capacity

Financials

FY 2016 Performance



FY 2016 Financial Metrics – GAAP

($ in millions, except per share amounts)	FY 2015	FY 2016	*B/(W) Yr/Yr*
Revenue	$6,662	$6,408	*(3.8%)*
Pretax loss	($574)	($1,227)	*NM*
Net loss	($336)	($983)	*NM*
EPS loss	($1.65)	($4.85)	*NM*

FY 2016 Financial Metrics – Non-GAAP[1]

($ in millions, except per share amounts)	FY 2015	FY 2016	*B/(W) Yr/Yr*
Adjusted revenue	$6,778	$6,491	*(4.2%)*
Adjusted net income	$174	$223	*28%*
Adjusted EBITDA	$639	$635	*Flat*
Adjusted EBITDA margin	*9.4%*	*9.8%*	*40 bps*
Adjusted EPS	$0.83	$1.06	*28%*

All results represent continuing operations. Dollar values for graphs are in millions

[1]Please refer to Appendix for Non-GAAP reconciliations of adjusted revenue, adjusted operating income/margin, adjusted net income, adjusted EBITDA/margin, and adjusted EPS

Q4 2016 Earnings

(in millions)	Q4 2016	B/(W) Yr/Yr	Comments
GAAP revenue	$1,514	($216)	NY MMIS, volumes, contract run-off, Student Loan
Adjusted revenue[1]	1,597	(133)	
Gross margin	*8.1%*	*(850 bps)*	Reflects the NY MMIS charge
Adjusted gross margin[1]	*17.8%*	*120 bps*	
SAG	$169	$8	
Adjusted operating income[1]	**$109**	**$12**	Improvement reflects strategic transformation initiatives
Adjusted operating margin[1]	*6.8%*	*120 bps*	
Amortization of intangible assets	$80	($17)	Increase reflects write-off of retired brand names
Restructuring and related costs	44	(45)	Transformation driven
Goodwill impairment charge	935	(935)	Result of annual goodwill impairment test
Related party interest	(4)	15	
Separation costs	10	(10)	
Other net expense	24	(8)	
Pretax loss	**($1,141)**	**($1,149)**	
GAAP EPS loss	**($4.69)**	**($4.66)**	
Adjusted net income[1]	$61	$3	
Adjusted tax rate[1]	40.2%	(840 bps)	
Adjusted EPS[1]	**$0.29**	**$0.01**	
Weighted avg. shares outstanding	202.9	-	
Adjusted weighted average shares outstanding	211.2	-	

[1]Please refer to Appendix for Non-GAAP reconciliations of adjusted revenue, adjusted gross margin, adjusted operating income/margin, adjusted tax rate, adjusted net income and adjusted EPS

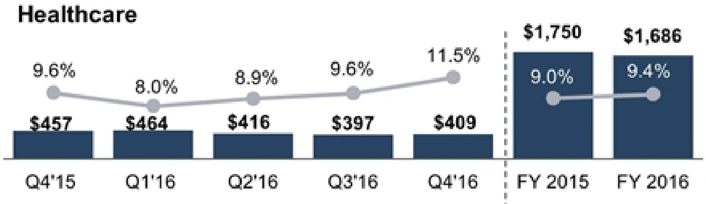
Segment Performance

CONDUENT

Commercial Industries

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	FY 2015	FY 2016
% revenue growth		*(3.7%)*	*(6.7%)*	*(7.8%)*	*(10.2%)*	*(1.9%)*	*(7.1%)*
Segment Profit	*$18*	*$7*	*$16*	*$21*	*$15*	*$69*	*$59*

Healthcare



	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	FY 2015	FY 2016
% revenue growth		*5.0%*	*(3.0%)*	*(5.9%)*	*(10.5%)*	*0.4%*	*(3.7%)*
Segment Profit	*$44*	*$37*	*$37*	*$38*	*$47*	*$157*	*$159*

Revenue in $M **% Segment Margin**

Dollar values for graphs are in millions

Q4 2016 Commentary

- Profit performance not improving as quickly as expected
- Impacted by delayed ramp of new business and lower volumes
- Focus on cost transformation, contract remediation and bidding new business with appropriate profitability and risk profile

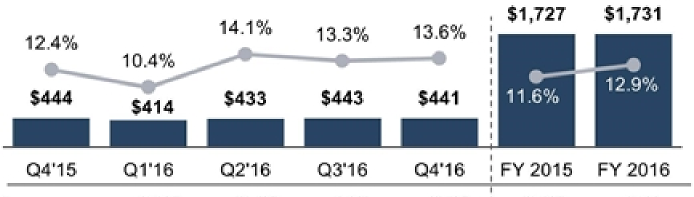
Q4 2016 Commentary

- Revenue decline driven by contract run-off and lower volumes
- Cost and productivity initiatives benefiting margins, with positive momentum in Q4 2016 results

Segment Performance

CONDUENT

Public Sector

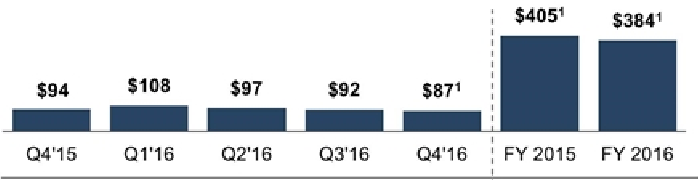


	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	FY 2015	FY 2016
% revenue growth		*(0.2%)*	*(1.4%)*	*3.3%*	*(0.7%)*	*(2.3%)*	*0.2%*
Segment Profit	*$55*	*$43*	*$61*	*$59*	*$60*	*$200*	*$223*

Q4 2016 Commentary

- Revenue trend stable in 2016, but Q4 declined as the ramp-up of new business was more than offset by contract run-off
- Margin improvement driven by benefit from strategic transformation and other productivity initiatives

Other[1, 2]



	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	FY 2015	FY 2016
% revenue growth		*13.7%*	*(3.0%)*	*(20.7%)*	*(7.4%)*	*(14.7%)*	*(5.2%)*
Adj. Segment (Loss)	*($20)*	*($16)*	*($37)*	*($21)*	*($10)[1]*	*($100)[1]*	*($84)[1]*

Q4 2016 Commentary

- Student Loan business remains in run-off
- Healthcare Enterprise focused on supporting current book of business and moving towards profitability
- Adjusted results exclude impact of NY MMIS contract in full-year and Q4 of 2016 and Health Enterprise for full-year 2015

Revenue in $M **% Segment Margin**

Dollar values for graphs are in millions
[1]Please refer to appendix for Non-GAAP reconciliations of adjusted revenue and adjusted operating income/margin
[2]Other segment includes Health Enterprise clients in AK, CA, MT, ND, NH, NY, our Student Loan business, non-allocated corporate expenses and inter-segment eliminations

Cash Flow

CONDUENT

(in millions)	Q4 2016	FY 2016
Net loss	**($951)**	**($983)**
Depreciation & amortization	196	613
Goodwill impairment	935	935
Stock-based compensation	6	24
Restructuring payments	(9)	(46)
Restructuring and asset impairment charges	28	73
Change for income tax assets and liabilities	(197)	(117)
Change in net working capital	140	(393)
Other	(2)	2
Operating Cash Flow	**$146**	**$108**
Net purchase of LB&E[1] and other	(71)	(188)
Net proceeds from investments, sales, and acquisitions	11	(43)
Net payments on related party notes receivable	205	247
Investing Cash Flow	**$145**	**$16**
Cash from Financing	**($45)**	**$132**
Effect of exchange rates on cash and cash equivalents	(4)	(6)
Beginning cash and cash equivalents	148	140
Change in cash and cash equivalents	242	250
Ending Cash and Cash Equivalents	**$390**	**$390**
Memo: Free Cash Flow[2]	**$74**	**($81)**

- **2016 Free Cash Flow impacted by:**
  - Restructuring payments ($46M)
  - Separation payments ($44M)
  - Montana and California HE exits ($155M)
  - Reduction in factoring program ($130M)
  - Lease buyouts associated with separation ($47M), primarily in LB&E

[1]Includes cost of additions to land, building and equipment (LB&E) and internal use software
[2]Free cash flow is defined as operating cash flow less cost of additions to land, building and equipment and internal use software as well as cost of capital lease initiations of $1M for Q4 and full-year. Please refer to appendix for the Non-GAAP reconciliation

Capital Structure Overview

CONDUENT

Debt Structure ($ in millions)

	12/31/16	12/31/16 Pro Forma[5]
Cash	**$390**	**$329**
Total Debt[1]	**$1,941**	**$2,041**
10.5% Senior Notes due 2024	$510	$510
Term Loan A[2] due 2021	$700[6]	$700[6]
Term Loan B[2] due 2023	$750	$850
Revolving Credit Facility[3] due 2021	$0	$0
Capital Leases	$43	$43
Current net leverage ratio[4]	**2.4x**	**2.7x**

[1] Total debt is net of deferred financing costs
[2] Revolving credit facility and Term Loan A interest rate is Libor + 225 bps; Term Loan B is Libor + 550 bps
[3] $750M of available capacity under Revolving Credit Facility as of 12/31/2016
[4] Net debt (total debt less cash) divided by adjusted EBITDA
[5] Adjusted to reflect the payment of $161M to Xerox as part of the separation and $100M of Term Loan B borrowing
[6] Includes EUR 260M

Credit Metrics / Statistics

Expected Annual Cash Interest Expense	$155 - 165M
Preferred dividend (annually)	*~$10M*
Target Net Leverage Ratio	<2.5x
Average Maturity on Outstanding Debt	~6.5 years

Key Messages

- Still targeting to reduce leverage ratio over time with Adjusted EBITDA growth and required debt payments
- Liquidity includes:
  - $750M of availability under revolver (undrawn as of 12/31/16)
  - $329M of pro forma[5] cash (net of January payment made to Xerox and additional $100M Term Loan B borrowing)

Unchanged Financial Performance Goals

CONDUENT

	2017 Renewal and Refocus	2018 Stabilization	2019 Acceleration
Revenue Growth	Rate of decline similar to 2016 levels	Flat / positive momentum	Accelerating momentum
Adjusted EBITDA	Growth >5%	Growth >10%	Continued expansion
Growth Investments	Organic investment with modest tuck-in M&A	Increasing organic and inorganic investments	
Free Cash Flow	20 - 30% of Adjusted EBITDA	25 - 35% of Adjusted EBITDA	

Note: Please refer to Appendix for Adjusted EBITDA Non-GAAP reconciliations

Q&A

Appendix

FY 2016 Earnings

(in millions)	FY 2016	B/(W) Yr/Yr	Comments
GAAP revenue	$6,408	($254)	Lower volumes, contract run-off, Student Loan
Adjusted revenue[1]	6,491	(287)	Excludes NY, CA, MT HE charges
Gross margin	*14.2%*	*390 bps*	Reflects 2016 NY MMIS charge; 2015 CA and MT HE charges
Adjusted gross margin[1]	*16.5%*	*70 bps*	
SAG	$686	$13	
Adjusted operating income[1]	**$354**	**$31**	Improvement reflects strategic transformation initiatives
Adjusted operating margin	*5.5%*	*70 bps*	
Amortization of intangible assets	280	(30)	Increase reflects write-off of retired brand names
Restructuring and related costs	101	58	Transformation driven
Goodwill impairment charge	935	(935)	Result of annual goodwill impairment test
Related party interest	26	35	
Separation costs	44	(44)	
Other net expense	34	4	
Pretax loss	**($1,227)**	**($653)**	
GAAP EPS loss	**($4.85)**	**($2.81)**	
Adjusted net income[1]	$223	$49	
Adjusted effective tax rate	29.0%	250 bps	Favorable audit settlements
Adjusted EPS[1]	**$1.06**	**$0.23**	
Weighted avg. shares outstanding	202.9	-	
Adjusted weighted average shares outstanding	210.8	-	

[1]Please refer to Appendix for Non-GAAP reconciliations of adjusted revenue, adjusted gross margin, adjusted operating income/margin, adjusted tax rate, and adjusted EPS.

Non-GAAP Financial Measures

Non-GAAP Financial Measures

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

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 GAAP. A reconciliation of the following Non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are set forth as part of the Appendix to this presentation.

In connection with the preparation of our financial statements for the fiscal year ended December 31, 2016, during the fourth quarter, we performed our annual goodwill impairment test. Following the completion of the impairment test, we determined that we will record a non-cash goodwill impairment charge of $935 million (approximately $828 million after-tax or ($4.08) per share) in our Commercial Sector reporting unit. Subsequent to the goodwill impairment charge, the Commercial Sector reporting unit's goodwill balance is approximately $908 million. This non-cash charge is attributable primarily to weaker than expected Commercial Sector revenues and operating profits, including in the fourth quarter of 2016. We do not expect to make any current or future cash expenditures as a result of this impairment.

We are in discussions with the State of New York regarding the status and scope of the Health Enterprise platform project, which evolved to include options to not fully complete the project. Based on those discussions, we believe it is probable that we will not fully complete the implementation of the platform in New York. As a result of these developments, we will record a pre-tax charge of approximately $161 million (approximately $98 million after-tax or ($0.48) per share) in our fourth-quarter 2016 results reflecting estimated asset impairments, wind down costs and other impacts from this project. The charge includes approximately $115 million for the write-off of receivables and other related assets and non-cash impairment charges, with the remainder of the charge expected to be cash outflows in future quarters for wind down and related costs.

Late in the third quarter of 2015, we determined that we would not fully complete Health Enterprise Medicaid platform implementation projects in California and Montana and recorded a charge of $389 million. The charge included a $116 million reduction to revenues with the remaining $273 million recorded to costs of outsourcing.

The remainder of the charge was primarily related to settlement costs including payments to subcontractors that would result in cash outflows in future quarters

As a result of the significant impact of the Goodwill Impairment, NY MMIS Charge and HE Charge on our reported revenues, costs and expenses as well as key metrics for the period, we discuss our 2016 and 2015 results using non-GAAP financial measures that exclude the impact of these items, as discussed below.

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

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

In 2016, we adjusted Income (Loss) before Income Taxes for the Goodwill Impairment charge of $935 million recorded during the fourth quarter 2016.

Non-GAAP Financial Measures

Also in 2016, we adjusted Income (Loss) before Income Taxes for the New York Health Enterprise (NY MMIS) charge of $161 million recorded during the fourth quarter 2016. In 2015, we adjusted Income (Loss) before Income Taxes for the Health Enterprise (HE) charge of $389 million recorded during the third quarter 2015.

In addition to the items discussed above, for the quarter and full year ended December 31, 2016 and 2015 we Adjusted Net Income (Loss), Earnings per Share and Effective Tax Rate for the following items:

- Amortization of intangible assets. The amortization of intangible assets is driven by acquisition activity, which can vary in size, nature and timing as compared to other companies within our industry 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.
- Separation costs. Separation costs are expenses incurred in connection with separation from Xerox Corporation into a separate, independent, publicly traded company. Separation costs primarily relate to third-party investment banking, accounting, legal, consulting and other similar types of services related to the separation transaction as well as costs associated with the operational separation of the two companies.
- Other expenses, net, excluding third party interest expense. Other expenses, net includes losses (gains) on sales of businesses and assets, currency (gains) losses, net, litigation matters and all other expenses, net.

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

In 2016, we adjusted Income (Loss) before Income Taxes for the Goodwill Impairment charge of $935 million recorded during the fourth quarter 2016.

As a result of the nature and the significant impact of the NY MMIS and HE charges on our reported revenues, costs and expenses, as well as key metrics for the period, we discussed our 2016 and 2015 Adjusted Operating Income after excluding the impact of the NY MMIS and HE charges. In 2016, we Adjusted Operating Income by adjusting Income (Loss) before Income Taxes for the fourth quarter NY MMIS charge of $161 million, which included an $83 million reduction in revenues. In 2015, we Adjusted Operating Income by adjusting Income (Loss) before Income Taxes for the third quarter HE charge of $389 million, which included a $116 million reduction in revenues.

In addition to the items discussed above, for the three months and year ended December 31, 2016 and 2015 we Adjusted Operating Income for the following items:

- As defined above in Adjusted Net Income (Loss), Adjusted Earnings per Share, and Adjusted Effective Tax Rate:
  - Amortization of intangible assets.
  - Restructuring and related costs.
  - Separation costs.
- We also adjust Operating Income for:
  - Related Party Interest. Includes interest payments to former parent.
  - Other expenses, net. Including third party interest, losses (gains) on sales of businesses and assets, currency (gains) losses, net, litigation matters and all other expenses, net.

Adjusted Revenues

As a result of the nature and the significant impact of the NY MMIS and HE charges on our reported revenues, we discussed our 2016 and 2015 revenues excluding the impact of the NY MMIS and HE charges. For the fourth quarter and full year 2016, we reduced revenues by $83 million for NY MMIS. For the third quarter and full year 2015, we reduced revenues by $116 million to reflect the reduction in HE revenues.

Non-GAAP Financial Measures

CONDUENT

Adjusted EBITDA

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

- As defined above in Adjusted Net Income (Loss), Adjusted Earnings per Share, and Adjusted Effective Tax Rate section or Adjusted Revenue, Costs and Expenses and Margin – Adjusted Operating Income section:
  - The fourth quarter of 2016 Goodwill Impairment Charge and NY MMIS charge.
  - The third quarter 2015 HE charge.
  - Amortization of intangible assets.
  - Restructuring and related costs.
  - Separation costs.
  - Related Party Interest. Includes interest payments to former parent.
  - Other expenses, net. Including third party interest, losses (gains) on sales of businesses and assets, currency (gains) losses, net, litigation matters and all other expenses, net.
- We also adjust EBITDA for:
  - Depreciation
  - NY MMIS depreciation
  - HE amortization

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

Adjusted Other Segment Revenue and Profit

As a result of the nature and the significant impact of the NY MMIS and HE charges on our Other Segment Revenue and Profit, we discuss Other Segment Revenue and Profit excluding the impact of the NY MMIS and HE charges. In 2016, we adjusted Other Segment by adjusting for the fourth quarter NY MMIS charge of $161 million, which included an $83 million reduction in revenues. In 2015, we Adjusted Other Segment by adjusting for the third quarter HE charge of $389 million, which included a $116 million reduction in revenues.

Free Cash Flow

Free Cash Flow is defined as cash flows from operating activities as reported on the consolidated statement of cash flows, less cost of additions to land, buildings and equipment, cost of additions to internal use software and capital lease additions, plus proceed from sales of land, building and equipment. We use the non-GAAP measure of Free Cash Flow as a criterion of liquidity and performance-based components of employee compensation. We use Free Cash Flow as a measure of liquidity to determine amounts we can reinvest in our core businesses, such as amounts available to make acquisitions, invest in land, buildings and equipment and internal use software, make principal payments on debt, or amounts we can return to our stockholders through dividends and/or stock repurchases. In order to provide a meaningful basis for comparison, we are providing information with respect to our Free Cash Flow for the three months and year ended December 31, 2016, reconciled for each such period to cash flow provided by operating activities, which we believe to be the most directly comparable measure under GAAP.

Constant Currency

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

Non-GAAP Reconciliation: Net Income

(in millions)	Three Months Ended December 31, 2016 Net Income (Loss)	Three Months Ended December 31, 2016 EPS	Three Months Ended December 31, 2015 Net Income (Loss)	Three Months Ended December 31, 2015 EPS	Year Ended December 31, 2016 Net Income (Loss)	Year Ended December 31, 2016 EPS	Year Ended December 31, 2015 Net Income (Loss)	Year Ended December 31, 2015 EPS
Reported (loss) income from continuing operations	$ (951)	$ (4.69)	$ 9	$ 0.04	$ (983)	$ (4.85)	$ (336)	$ (1.65)
Adjustments:								
Goodwill impairment	935		-		935		-	
NY MMIS charge	161		-		161		-	
Amortization of intangible assets	80		63		280		250	
Restructuring and related costs	44		(1)		101		159	
HE charge	-		-		-		389	
Separation costs	10		-		44		-	
Other expenses, net excluding third party interest(1)	13		15		20		30	
Income tax adjustments(2)	(231)		(28)		(335)		(318)	
Adjusted	**$ 61**	**$ 0.29**	**$ 58**	**$ 0.28**	**$ 223**	**$ 1.06**	**$ 174**	**$ 0.83**
Weighted average shares for adjusted EPS(3)		211,247		211,247		210,774		210,774

(1) Excludes third party interest expense of $11 million and $1 million for the three months ended December 31, 2016 and 2015, respectively and $14 million and $8 million for the year ended December 31, 2016 and 2015, respectively.

(2) Refer to Effective Tax Rate reconciliation

(3) Average shares for the calculations of adjusted EPS include 5.9 million of shares associated with our Series A convertible

Non-GAAP Reconciliation: Effective Tax Rate

(in millions)	Three Months Ended December 31, 2016 Pre-Tax Income (Loss)	Three Months Ended December 31, 2016 Income Tax (Expense) Benefit	Three Months Ended December 31, 2016 Effective Tax Rate	Three Months Ended December 31, 2015 Pre-Tax Income (Loss)	Three Months Ended December 31, 2015 Income Tax (Expense) Benefit	Three Months Ended December 31, 2015 Effective Tax Rate
Reported from continuing operations	$ (1,141)	$ (190)	16.7%	$ 8	$ (1)	-12.5%
Non-GAAP adjustments[1]	1,243	231		77	28	
Adjusted[2]	**$ 102**	**$ 41**	**40.2%**	**$ 85**	**$ 27**	**31.8%**

(in millions)	Year Ended December 31, 2016 Pre-Tax Income (Loss)	Year Ended December 31, 2016 Income Tax (Expense) Benefit	Year Ended December 31, 2016 Effective Tax Rate	Year Ended December 31, 2015 Pre-Tax Income (Loss)	Year Ended December 31, 2015 Income Tax (Expense) Benefit	Year Ended December 31, 2015 Effective Tax Rate
Reported from continuing operations	$ (1,227)	$ (244)	19.9%	$ (574)	$ (238)	41.5%
Non-GAAP adjustments[1]	1,541	335		828	318	
Adjusted[2]	**$ 314**	**$ 91**	**29.0%**	**$ 254**	**$ 80**	**31.5%**

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

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

Non-GAAP Reconciliation: Operating Income

(in millions)	Three Months Ended December 31, 2016			Three Months Ended December 31, 2015		
	Pre-Tax Profit (Loss)	Revenue	Margin	Pre-Tax Profit (Loss)	Revenue	Margin
Reported from continuing operations	$ (1,141)	$ 1,514	-75.4%	$ 8	$ 1,730	0.5%
Adjustments:						
Goodwill impairment	935			-		
NY MMIS	161	83		-		
Amortization of intangible assets	80			63		
Restructuring and related costs	44			(1)		
Separation costs	10			-		
Related party interest	(4)			11		
Other expenses, net [1]	24			16		
Adjusted Operating Income/Margin	**$ 109**	**$ 1,597**	**6.8%**	**$ 97**	**$ 1,730**	**5.6%**

(1) Includes third party interest expense of $11 million and $1 million for the three months ended December 31, 2016 and 2015, respectively.

(in millions)	Year Ended December 31, 2016			Year Ended December 31, 2015		
	Pre-Tax Profit (Loss)	Revenue	Margin	Pre-Tax Profit (Loss)	Revenue	Margin
Reported from continuing operations	$ (1,227)	$ 6,408	-19.1%	$ (574)	$ 6,662	-8.6%
Adjustments:						
Goodwill impairment	$ 935			$ -		
Amortization of intangible assets	280			250		
NY MMIS	161	83		-		
Restructuring and related costs	101			159		
Separation costs	44			-		
Related party interest	26			61		
HE charge	-			389	116	
Other expenses, net [1]	34			38		
Adjusted Operating Income/Margin	**$ 354**	**$ 6,491**	**5.5%**	**$ 323**	**$ 6,778**	**4.8%**

(1) Includes third party interest expense of $14 million and $8 million for the year ended December 31, 2016 and 2015, respectively.

Non-GAAP Reconciliation: Revenue and Adjusted EBITDA

(in millions)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016
Reconciliation to Adjusted Revenue							
Total Revenue as reported	$ 1,730	$ 1,685	$ 1,613	$ 1,596	$ 1,514	$ 6,662	$ 6,408
NY MMIS charge	-	-	-	-	83	-	83
HE charge	-	-	-	-	-	116	-
Adjusted Revenue	**$ 1,730**	**$ 1,685**	**$ 1,613**	**$ 1,596**	**$ 1,597**	**$ 6,778**	**$ 6,491**
Reconciliation to Adjusted EBITDA							
Pre-tax income (loss) as reported from continuing operations	$ 8	$ (54)	$ (34)	$ 2	$ (1,141)	$ (574)	$ (1,227)
Depreciation	31	32	29	31	36	126	128
Amortization	103	118	104	104	159	474	485
Goodwill impairment	-	-	-	-	935	-	935
Restructuring and related costs	(1)	26	23	8	44	159	101
Separation costs	-	3	16	15	10	-	44
Related party interest expense	11	10	10	10	(4)	61	26
NY MMIS charge	-	-	-	-	161	-	161
NY MMIS depreciation	-	-	-	-	(52)	-	(52)
HE charge	-	-	-	-	-	389	-
HE depreciation	-	-	-	-	-	(34)	-
Other expenses, net[1]	16	11	-	(1)	24	38	34
Adjusted EBITDA	**$ 168**	**$ 146**	**$ 148**	**$ 169**	**$ 172**	**$ 639**	**$ 635**
Adjusted EBITDA Margin	**9.7%**	**8.7%**	**9.2%**	**10.6%**	**10.8%**	**9.4%**	**9.8%**
(1) Includes third party interest expense as follows:	*$ 1*	*$ 1*	*$ 1*	*$ 1*	*$ 11*	*$ 8*	*$ 14*

Non-GAAP Reconciliation: Other Segment Revenue and Profit

(in millions)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016
Reconciliation to Other Segment Adjusted Revenue							
Other Segment revenue as reported	$ 94	$ 108	$ 97	$ 92	$ 4	$ 289	$ 301
NY MMIS charge	-	-	-	-	83	-	83
HE charge	-	-	-	-	-	116	-
Adjusted Other Segment Revenue	$ 94	$ 108	$ 97	$ 92	$ 87	$ 405	$ 384
Reconciliation to Other Segment Adjusted Profit							
Segment profit as reported	$ (20)	$ (16)	$ (37)	$ (21)	$ (171)	$ (489)	$ (245)
NY MMIS charge	-	-	-	-	161	-	161
HE charge	-	-	-	-	-	389	-
Adjusted Other Segment Profit	$ (20)	$ (16)	$ (37)	$ (21)	$ (10)	$ (100)	$ (84)

Non-GAAP Reconciliation: Free Cash Flow

CONDUENT

(in millions)	Three Months Ended December 31, 2016	Year Ended December 31, 2016
Cash flows from operations	$ 146	$ 108
Cost of addition to LB&E	(63)	(149)
Cost of addition to internal use software and other	(9)	(40)
Free Cash Flow	$ 74	$ (81)